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(CCD) HOUSING TASK FORCE

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## Permanent Housing and HUD's Continuum of Care

by Emily Miller, Ann O'Hara, Marie Herb

**P**ermanent housing for homeless people with disabilities has been a federal policy goal since 1987, when Congress enacted the Stewart B. McKinney Act. This legislation (now officially called the McKinney/Vento Homeless Assistance Act) created three U.S. Department of Housing and Urban Development (HUD) programs that can be used to develop permanent housing for homeless individuals and families with disabilities: the Shelter Plus Care program (S+C), the Supportive Housing Program (SHP), and the Section 8 Moderate Rehabilitation Single Room Occupancy program (Section 8 SRO).

For many years, government agencies and non-profit organizations have been using these programs to expand permanent and affordable housing opportunities for the most vulnerable of people with disabilities – that is, those without a place to live. Beginning in the mid-1990s however, more and more HUD Homeless Assistance funding was directed towards new transitional housing and supportive services projects, and less funding to expand permanent housing for people with disabilities. In fact, from 1994 to 1998, Homeless Assistance funding awarded by HUD for permanent housing steadily declined from 60 percent of the total appropriation to below 20 percent.

This reduction in permanent housing activity was a direct – although unintended – outcome of HUD's highly touted

Continuum of Care approach to homelessness. The Continuum of Care approach, which began in 1994, gave homeless service providers more flexibility to design and implement HUD Homeless Assistance programs that addressed local needs and circumstances.

With the implementation of the Continuum of Care, separate appropriations in the HUD budget for the S+C, SHP, and Section 8 SRO programs were eliminated and replaced by a single Homeless Assistance appropriation allocated by HUD across the three programs based on “demand” from the submitted Continuum of Care applications. For several reasons explained later in this article, with the introduction of the Continuum of Care approach, HUD began funding more transitional housing and services projects and much less permanent housing for people with disabilities.

Beginning in 1999, to re-orient Homeless Assistance funding back to the permanent housing agenda originally intended, Congress began requiring HUD to spend at least 30 percent of McKinney/Vento Homeless Assistance funding on permanent housing. As a result of this legislative requirement, last year's HUD



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# Opening Doors

A housing publication for the disability community

**OPENING DOORS** is published as a joint effort by the Technical Assistance Collaborative, Inc., Boston, MA and the Consortium for Citizens with Disabilities Housing Task Force, Washington, DC.

**The Technical Assistance Collaborative, Inc.** is a non-profit organization that provides state-of-the-art technical assistance and training to housing and human service organizations so that they may achieve positive outcomes in their work on behalf of people who are disadvantaged and/or disabled. For more information, please contact Maura Collins Versluys, Technical Assistance Collaborative Inc., One Center Plaza, Suite 310, Boston, Massachusetts 02108. Phone: 617-742-5657 or Fax: 617-742-0509 or e-mail: info@tacinc.org.



**The Consortium for Citizens with Disabilities (CCD)** is a national coalition of consumer, advocacy, provider, and professional organizations who advocate on behalf of people of all ages with disabilities and their families. CCD has created the CCD Housing Task Force to focus specifically on housing issues that affect people with disabilities.

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## FROM THE EDITORS

**A**fter many years, the HUD McKinney/Vento programs are being re-directed by federal policy towards one of their original intended purposes – the development of permanent housing, particularly for people with disabilities. This re-orientation has been difficult for many non-profit organizations that have used HUD Homeless Assistance funding primarily to pay for transitional housing or supportive services projects. This change has occurred at the same time that some members of Congress began considering converting McKinney/Vento Homeless Assistance funding into a federal block grant to state and local governments.

It is not yet clear how this broader debate on the future of these programs will end. But, it is increasingly clear that expanding permanent housing for homeless persons with disabilities will continue to be a top priority for Congress and HUD.

The National Alliance to End Homelessness has adopted a bold policy initiative titled, *A Plan: Not a Dream. How to End Homelessness in Ten Years*. The plan calls for the creation of 150,000 units of permanent supportive housing by the year 2010.

Despite the clearly documented need for these units, there is still a raging debate over the targeting of HUD McKinney/Vento Homeless Assistance funding for permanent housing. For many Continuum of Care systems, this debate takes the form of the relative merits of applying for needed transitional housing and supportive services vs. the difficulty of developing permanent housing. This debate is fueled by the substantial number of transitional housing and supportive services applications that HUD continues to receive.

What's important is that the need for permanent housing for homeless people with disabilities not be considered as a "trade off" for less funding for other programs. While that may be the practical reality we must keep our focus on permanent housing as the goal for all homeless people with disabilities. Without a high priority for permanent housing within the Continuum of Care, it will never come to pass.

## The Editors

**We encourage you to make *Opening Doors* available to your members and constituents. All past issues are available on TAC's web site at [www.tacinc.org](http://www.tacinc.org), or on the *Opening Doors* web site at [www.c-c-d.org/doors.html](http://www.c-c-d.org/doors.html).**

Continuum of Care competition results – which were announced on December 23, 2000 – contained both good news and disappointing news for many local Continuum of Care groups that submitted applications. The good news was that every single new and existing permanent housing application deemed eligible by HUD was funded! However, many homeless service providers were disappointed when their applications for new transitional housing or supportive services projects were not funded by HUD.

Advocates for homeless people with disabilities are now struggling to understand and respond to these outcomes of the 2000 competition in order to be prepared for HUD's Fiscal Year (FY) 2001 Homeless Assistance Notice Of Funding Availability (NOFA) and application process. One message from the 2000 results and the 2001 HUD budget seems clear – the development of permanent housing for homeless people with disabilities will continue to be a HUD and Congressional priority.

With this priority in mind, this issue of *Opening Doors* provides a brief overview of the Continuum of Care approach; an explanation of what happened in HUD's FY 2000 Continuum of Care competition; and what can be expected in 2001, based on HUD's budget. This issue also summarizes ways to use HUD Homeless Assistance programs to create and sustain permanent housing for homeless people with disabilities.

## What is the Continuum of Care?

The HUD McKinney/Vento Homeless Assistance programs have formed the backbone of local efforts intended to address the many needs of homeless individuals and families in states and communities across the nation. When first authorized by Congress in 1986, these three programs each had a separate appropriation in the HUD budget. Each year, through a national HUD competition, individual non-profit organizations and

government agencies were able to submit their own applications for these programs directly to HUD.

No strategic planning was necessary to receive these funds, leading to duplication and fragmentation of homeless services in many communities. For example, two separate non-profit organizations in the same community could both receive Supportive Housing Program funding to implement identical transitional housing programs for homeless people with mental illnesses without any requirement that these organizations coordinate their efforts. As a result, the housing and services provided through these HUD programs in a locality were often not coordinated with other homeless interventions or not implemented as part of a systematic and community-wide approach to address homelessness.

In 1994, HUD introduced the Continuum of Care model to encourage communities to address the problems of housing and homelessness in a more coordinated, comprehensive, and strategic fashion. Unlike other HUD planning requirements (e.g. the Consolidated Plan, the Public Housing Agency Plan) which originated in Congress, the Continuum of Care was created by HUD as a policy to help coordinate the provision of housing and services to homeless people. With the introduction of Continuum of Care planning, communities were encouraged to envision, organize, and plan comprehensive and long-term solutions to address the problem of homelessness. The strategic planning conducted through this process also forms the basis of a Continuum of Care plan and application to HUD for Homeless Assistance funds.

Thus, HUD's Continuum of Care approach serves two main purposes:

1. It is a strategic plan developed through a community-based process to address homelessness based on: the identified needs of homeless individuals and

families; the availability and accessibility of existing housing and services; and the opportunities for linkages with non-homeless mainstream housing and services resources; and

2. It is an application to HUD for McKinney/Vento Homeless Assistance resources. These resources are invaluable in providing housing and supportive services for people who are homeless. These funds are made

## HUD's Definition of a Continuum of Care Plan

**A** community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness.

available through a national competition announced each year in HUD's Notice of Funding Availability (known as the HUD SuperNOFA).

This issue of *Opening Doors* will focus primarily on HUD's application process and how it can expand permanent housing for homeless individuals and families with disabilities. For more information on the Continuum of Care planning process, refer to the publications listed on page 6.

## How Does the Continuum Of Care Process Work

As HUD envisioned it, the Continuum of Care is an inclusive community planning process that leads to a comprehensive plan to address homelessness, and an application to HUD for Homeless Assistance funding. HUD guidance states that the process should be broad-based and inclusive – seeking involvement from all key stakeholders, including those stakeholders not typically involved in the delivery of services or housing to homeless people. Those agencies that

should be involved in the Continuum of Care process include:

- Local homeless coalitions/networks;
- Homeless service providers;
- Non-profit housing developers;
- Local government representatives;
- Key civic leaders;
- People who are, or have been, homeless;
- Homeless advocates;
- Public Housing Agencies;
- Local job councils;
- Colleges and vocational institutions;
- Veterans service agencies;
- Service providers from the disability community;
- Agencies providing domestic violence services;
- State government representatives;
- Religious leaders;
- Business community; and
- Police officers and staff from correctional facilities.

Across the nation, there are many different approaches used by Continuum of Care planning groups. The approach adopted by a particular community may be a reflection of the geographic region; the number and capacity of providers; the underlying philosophy of the players in a community; or the way homeless services are organized and delivered. Unlike other HUD required plans, there are no regulations that proscribe how a Continuum of Care process should be organized.

Local Continuum of Care groups determine the geographic area that makes up the Continuum of Care “system” based on how homeless programs and services are organized and delivered. Thus, a Continuum of Care could consist of a single city, certain areas outside of city limits, entire counties, multi-county regions, or an entire state.

**Unlike other HUD required plans, there are no regulations that proscribe how a Continuum of Care process should be organized.**

In addition to local efforts, many states have created “balance of state” Continuum of Care plans. For Continuum of Care purposes, “balance of state” refers to those geographic areas that are not included in local Continuum of Care planning efforts. In many states these areas are linked together through one statewide Continuum of Care planning process.

Given the housing crisis currently facing homeless people with disabilities across the nation, readers of *Opening Doors* may want to explore establishing a Continuum of Care process if one does not exist or becoming more involved in an on-going state or local Continuum of Care process. By getting more involved, people with disabilities and their housing advocates can help:

- Identify the size and scope of the homeless problem;
- Inventory the resources available in the community to address the problem of homelessness, including both homeless resources and non-homeless targeted housing and service resources (referred to as “mainstream” resources);
- Strategically plan and prioritize the range of services and housing that should be created to address gaps in housing and services for homeless people;
- Identify potential “mainstream” housing and services resources that can be leveraged to address homelessness; and
- Develop an application to HUD for new permanent housing funding for homeless people with disabilities that ranks individual projects for HUD funding according to local needs and funding priorities.

## How to Find More Information About the Continuum of Care Process in Your Community

In order to determine if there is an existing Continuum of Care planning process in your community, contact staff at the Community and Planning Development Department of your local HUD Field Office. They should be able to tell you if a Continuum of Care application for McKinney/Vento Homeless Assistance funds has ever been submitted to HUD and, if so, who the contact person was for that application.

## Continuum of Care Issues

Despite the benefit of comprehensive planning that results from the Continuum of Care approach, there have been some unintended consequences from the Continuum of Care process, which are now being addressed by Congress. As mentioned earlier, the local funding decisions and flexibility inherent to the Continuum of Care process resulted in more Homeless Assistance funding being spent on transitional housing and supportive services for homeless people and less being spent on permanent housing for people with disabilities. Some of this decline in permanent housing activity can be attributed to:

1. A lack of housing capacity in homeless services agencies;
2. The difficulty recruiting non-profit housing providers and Public Housing Agencies to serve homeless people; and
3. The difficulty experienced by homeless service providers when they try to obtain funding from other sources for transitional housing and supportive services projects.

Another issue in recent Continuum of Care competitions is that existing McKinney/Vento-funded projects needing

In Fiscal Year 2000 there were 20 Continuum of Care applications that were submitted to HUD for Homeless Assistance funds from the state of Massachusetts. One of these was a balance of state application (developed by the state human service agency, representing 91 communities); there were also 13 applications from different cities; and 6 regional applications made up of multiple cities or counties located in close geographic proximity and working collaboratively to address homelessness.

“renewal” funds are now competing with new projects for the limited Homeless Assistance funding available. While the HUD Homeless Assistance appropriation has increased over the years, its growth has not kept pace with (1) the growth in the number of projects seeking renewal funding; (2) the demand for new transitional housing and/or supportive services project funding; and (3) the mandate that at least 30 percent of the funding be spent on permanent housing.

## Renewals

The “renewal” funding issue was precipitated by the fact that – with some limited exceptions – McKinney/Vento projects are initially funded by HUD for either 3 or 5 year periods, depending on the program. As each project reaches its last year of funding, renewal funding must be obtained from HUD.

Obviously, because HUD began funding projects in 1987, and has funded new projects each year since then, the demand for renewal funds has grown each year. In fact, some older projects have now been through the “renewal” cycle three times or more.

To understand why the renewal crisis did not surface until the last few years, some background is needed. During the early 1990s, when projects first started to need renewal funding, HUD devised a fairly simple renewal application process. Grantees simply submitted a renewal request directly to HUD. As long as the project continued to provide appropriate housing and/or services to eligible homeless people, HUD renewal funding was pretty much guaranteed. HUD took this renewal funding “off the top” of the McKinney/Vento appropriation from Congress. The remaining McKinney/Vento funding was awarded to new housing and services projects.

However, when HUD implemented the Continuum of Care approach in the mid 1990s, the process for obtaining renewal funding changed. Under the new HUD

## Helpful Publications

For more information about Continuum of Care planning:

- *How to be a “Player” in the Continuum of Care* – available at <http://www.prainc.com/nrc/path/continuum/toc.shtml> or by calling (800) 444-7415
- *Guide to Continuum of Care Planning and Implementation* – available at [www.hud.gov/cpd/cont/gcoc.html](http://www.hud.gov/cpd/cont/gcoc.html) or by contacting HUD Customer Services at (800) 998-9999 (item reference #05264).

For more information about HUD Requirements for Continuum of Care programs:

- *Supportive Housing Program Desk Guide* – available only online at [www.hud.gov/cpd/shp/guide.html](http://www.hud.gov/cpd/shp/guide.html).
- *US Code of Federal Regulations (CFR), Part 24*. Available at your local library, online at [www.hud.gov](http://www.hud.gov), or by contacting HUD’s Customer Services at (800) 998-9999.

policy, all renewal projects must be submitted to HUD through the Continuum of Care process – along with applications for new projects. HUD gave the Continuum of Care planning group the flexibility to prioritize the projects that the locality wanted HUD to approve – so that new projects were now theoretically competing with renewal projects for increasingly limited funds.

## Renewal Projects vs. New Projects

Continuum of Care groups have struggled with this “renewal vs. new” dilemma. Many communities face the reality that they will most likely be unable to secure McKinney/Vento funding to both renew existing projects and fund new ones. This “renewal vs. new” decision making has been difficult to manage for Continuum of Care planning groups particularly when there are still so many gaps in housing and services

for homeless people. The “renewal vs. new” dynamic is also a problem when organizations are encouraged to join the Continuum of Care process and then expect that they can obtain HUD funding for new projects as an outcome of their participation.

HUD guidelines and funding formulas in the Continuum of Care competition are set up to favor renewals over new projects. However, renewal funding is not assured, even for projects that have achieved excellent outcomes for homeless people. Even though HUD’s total budget for Homeless Assistance has grown substantially since the Continuum of Care approach began, it hasn’t kept pace with the increased demand for renewal funding and for new projects.

In particular, the high cost of renewing 5-year Shelter Plus Care rental assistance grants resulted in a crisis for some communities, and put the housing of countless formerly homeless people in jeopardy. For example, in 1999, over 800 S+C program participants were at-risk of losing their rental subsidy when their S+C project grants were initially not renewed during the Continuum of Care competition.

## Technical Assistance through HUD’s College of Experts

HUD’s *College of Experts* is an initiative from the Office of Community Planning and Development and is comprised of highly skilled professionals from all across the country who can provide technical assistance services based on local factors and needs. They cover issues surrounding homelessness, affordable housing, and community/economic development. To utilize this collection of experts, contact your local HUD field office or call 1-800-998-9999.

## Recent Changes by Congress

Congress recognized these two issues – the decline in the use of Homeless Assistance funding for permanent housing and the escalating S+C renewal crisis – and took the following actions:

1. Beginning in 1999, Congress mandated that at least 30% of each year’s Homeless Assistance appropriation be used for permanent housing. To provide an incentive for Continuum of Care groups to apply for new permanent housing, HUD offered a bonus of \$250,000 to those Continuum of Care applications that ranked a new permanent supportive housing project as the first priority for funding.
2. For 2000 and 2001, Congress assured the renewal of all existing S+C programs by establishing a separate appropriation solely for this purpose. For FY 2001, in addition to the \$1.05 billion appropriation for McKinney/Vento Homeless Assistance, Congress set aside an additional \$100 million to provide one-year of funding for those S+C projects that applied for renewal funding in fiscal 2000 and 2001. [NOTE: This separate appropriation for S+C renewals did not address the continuing dilemma of renewing existing SHP permanent housing programs.]
3. To ensure the creation of even more new permanent housing, Congress stipulated that the S+C projects renewed through the separate \$100 million appropriation could not count towards the 30% permanent housing requirement in the \$1.05 billion appropriation.

Clearly, one goal of these Congressional actions was to encourage Continuum of Care groups to submit more applications to HUD for new permanent housing projects for people with disabilities in the 2000 Homeless Assistance competition.

To provide an incentive for Continuum of Care groups to apply for new permanent housing, HUD offered a bonus to those Continuum of Care applications that ranked a new permanent supportive housing project as the first priority for funding.

## Results of the 2000 Competition

On December 23, 2000 HUD announced the “winners” of the 2000 Continuum of Care competition. These awards make it clear that the actions taken by Congress had a definite impact on which projects were funded.

To meet Congress’ 30 percent permanent housing mandate, HUD needed to award at least \$306 million of the funding available in the FY 2000 competition for permanent housing projects and could not include S+C renewals. Unfortunately, almost half of the Continuum of Care applications submitted did not include a new eligible permanent housing project, despite the \$250,000 incentive provided by HUD to include a new permanent housing project as the top priority for funding. As a result, HUD had great difficulty meeting the 30 percent permanent housing set-aside requirement.

In fact, in order for HUD to meet Congress’ 30 percent permanent housing requirement, HUD found it necessary to fund every eligible permanent housing project that requested funding. This means that HUD approved every new Shelter Plus Care rental assistance project, every new SHP permanent housing project for people with disabilities, and every new Section 8 SRO project that met HUD’s eligibility criteria.

It also means that HUD approved every eligible SHP permanent housing project seeking renewal funds. S+C projects were renewed through the separate \$100 million appropriation specifically provided by Congress for this purpose. Section 8 SRO projects were renewed through the Section 8 program, which has been the federal policy for these projects for a number of years. Only SHP permanent housing projects are still renewed through the Homeless Assistance appropriation which also funds all transitional housing and/or supportive service renewals as well as all new projects.

## Preparing for HUD’s 2001 NOFA

The message from the outcome of the 2000 Continuum of Care application process is clear – new permanent housing projects should have a very good chance of being funded during this year’s application process. However, funding for new transitional housing or supportive services projects may be extremely difficult to obtain.

This prediction is based on the fact that many of the conditions that influenced the 2000 Continuum of Care competition will continue to play a role in the 2001 competition. For example, the funding available through the competition remains the same; the 30% permanent housing mandate remains in effect; and existing S+C programs will continue to be renewed through a separate appropriation. This situation poses a significant challenge for Continuum of Care groups that have not – up until now – developed or implemented strategies to expand permanent housing for homeless people with disabilities.

Given these circumstances, what can the disability community do to capitalize on this opportunity? Obviously, participation in the Continuum of Care process is a critical first step. Some organizations assisting people with disabilities have declined to become involved in the Continuum of Care, citing the fact that the individuals they assist are not homeless and therefore cannot benefit from the agency’s participation.

Yet people with disabilities – including people with mental illness, people with mobility impairments, people with AIDS and other chronic health conditions, and increasingly people with mental retardation – make up a disproportionate share of the individuals and families who are homeless. It is possible that the availability of new permanent supportive housing funding through HUD Homeless Assistance programs can leverage the participation of disability

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organizations not yet involved in Continuum of Care activities.

It is also clear that Continuum of Care groups need to learn more about how HUD's Homeless Assistance programs can be used to create more permanent housing options for homeless people with disabilities. In some instances, they may need to establish new partnerships with housing agencies in order to bring housing capacity into the Continuum of Care process.

Some Continuum of Care groups are concerned that expanding permanent housing means getting into the housing development business, which is not necessarily true. For example, both Shelter Plus Care and the Supportive Housing Program can be used to lease apartments or homes in the community. Because HUD will be issuing the Notice of Funding Availability (NOFA) for Homeless Assistance funds very soon, it is important that Continuum of Care planning groups understand how these programs can be used to create permanent housing for homeless people with disabilities.

## The Shelter Plus Care Program

Shelter Plus Care (S+C) is a permanent supportive housing program that provides rental assistance to homeless people with disabilities, primarily those with serious mental illnesses, chronic problems with alcohol and/or drugs, and HIV/AIDS or related diseases. However, other people with disabilities (i.e., people with mobility impairments, people with mental retardation or other developmental disabilities, etc) can also participate in the S+C program. Through the Shelter Plus Care program, homeless people with disabilities receive assistance in locating and maintaining safe and decent housing. S+C participants pay 30% of their income towards rent (if they have no income, they pay nothing) and receive supportive services to address their needs.

Although HUD provides the rental assistance funding, local S+C grant recipients are required to provide "matching" funds for supportive services. This match can be the value of supportive services provided from existing programs. The supportive services "match" is calculated over the entire time period of the S+C grant. Thus, not every program participant needs to receive the same level of services. Instead, the supportive services offered should be based on individual service needs and preferences. Supportive services do not have to be mandated as a condition of S+C program participation.

Only government agencies and Public Housing Agencies (PHAs) are eligible to apply for S+C and become grantees. Unfortunately, some Continuum of Care groups do not include these key players in their homeless planning. Non-profit agencies often act as sponsors for S+C projects and work closely with the grantee to administer the program and provide services.

The S+C program is extremely flexible because it offers four different types of rental assistance, including:

- Tenant-based rental assistance (TRA);
- Sponsor-based rental assistance (SRA);
- Project-based rental assistance (PRA); and
- Single Room Occupancy based rental assistance (SRO).

Applicants are permitted to apply for one or more of these components, depending on which component(s) best suit their local circumstances.

## S+C Tenant-Based Rental Assistance

Tenant-based rental assistance (TRA) provides five year renewable grants for rental assistance, and permits S+C participants to choose housing in the private rental market that meets their needs and

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housing preferences. TRA is similar, but not identical to, the Section 8 voucher program. For this reason, PHAs are often the applicant. TRA grant recipients may require participants to live in a specific geographical area in order to facilitate coordination of supportive services.

TRA can be used successfully in localities that have (1) an available supply of decent and safe rental housing that can meet HUD's Housing Quality Standards, and (2) landlords willing to lease housing units directly to homeless people with disabilities. Occasionally, non-profit housing providers are willing to lease units directly to TRA recipients. A PHA's success running the Section 8 voucher program can be a good indicator for the potential success of a TRA program.

Before applying, applicants for TRA should consider how program participants will be assisted with housing search activities and in negotiating with landlords. Because the TRA program requires a lease or rental agreement between the program participant and the landlord, successful programs ensure that tenants have access to the supportive services they need to pay rent on time, maintain the unit in good condition, and meet other landlord/tenant obligations.

## **S+C Sponsor-Based Rental Assistance**

Because of its flexibility, sponsor-based rental assistance (SRA) is the most frequently used S+C program component. In SRA, the PHA or government grantee establishes a partnership with a non-profit organization that becomes the sponsor. The sponsor leases the housing using S+C funds and then offers that housing to S+C program participants. For example, the sponsor may lease units in an apartment complex using a one year lease, and then sub-lease them to homeless people with disabilities. Sponsors are also permitted to use housing owned by

the sponsoring organization. SRA sponsors are frequently service providers with an interest in helping homeless people with disabilities obtain and maintain housing.

SRA is often used when it is difficult to identify potential landlords willing to lease units directly to homeless people, as is done with TRA. In some SRA projects, the sponsoring organization is actually a housing provider, rather than a service provider. If this is the case, a separate service provider agency or agencies must be involved to ensure that program participants receive the supportive services they need once the housing is provided.

Occasionally, SRA is used to provide housing in congregate settings for homeless people with disabilities in the early stages of recovery from substance abuse. At other times, sponsors may lease scattered-site apartments from private landlords, and then sub-lease them to S+C program participants. As with all other S+C program components, sponsors are permitted (but not required by S+C rules) to mandate support services as a condition of tenancy.

## **S+C Project-Based Rental Assistance**

Under the project-based rental assistance (PRA) component of S+C, the rental assistance is "attached" to a specific dwelling unit for either a 5 or 10 year term. Unlike sponsors in the SRA component (who are permitted to end their relationship with one landlord and enter into a new agreement with another landlord), PRA provides a long-term commitment to the owner of the housing.

Because of this long-term commitment, PRA is used primarily – although not exclusively – to develop or rehabilitate housing units for homeless people with disabilities. Used this way, PRA can be a very attractive resource for both for-profit and non-profit housing organizations

seeking development or rehabilitation financing. PRA is also used to obtain long-term commitments of units from owners of existing rental housing.

To obtain a 10-year commitment of PRA, the owner of the housing must agree to complete at least \$3,000 of eligible rehabilitation work for each unit, and must complete this work within 12 months of the grant award. This 10-year PRA model has been effectively used by Continuum of Care groups to join in community based plans to rehabilitate or preserve specific neighborhoods or historic buildings. The 10-year rent subsidy commitment can help a non-profit or for-profit owner obtain a rehabilitation loan or financing from other federal housing programs, particularly the HOME program and the federal Low Income Housing Tax Credit program.

## S+C Section 8 SRO and the Section 8 Moderate Rehabilitation SRO Programs

The S+C Section 8 SRO and the Section 8 Moderate Rehabilitation SRO programs are similar in many ways although they are authorized as different programs within the McKinney/Vento Homeless Assistance Act. The S+C Section 8 SRO program is the fourth component of the S+C program. HUD and practitioners commonly refer to the Section 8 Moderate Rehabilitation SRO program as the “stand alone” SRO program, to differentiate it from the S+C SRO program. Both programs provide 10-year commitments of rental assistance to a non-profit or for-profit owner of rental housing in need of rehabilitation. The housing units must be either a single room occupancy unit as defined by HUD, or studio or efficiency apartments.

The owner/developer of the housing uses the rental assistance commitment to obtain private or public financing to rehabilitate the

## Priced Out in 2000 to be released May 1<sup>st</sup>

**P**riced Out in 2000: *The Crisis Continues* updates the information contained in TAC's 1998 groundbreaking Priced Out report. Both reports examine the affordability of modest efficiency and one-bedroom apartments for people with disabilities in all 50 states and every metropolitan housing market area defined by the federal government. *Priced Out in 2000* uses HUD's Fair Market Rents and concludes that there still is not one location in the US where a person with a disability who receives Supplemental Security Income (SSI) can afford a one-bedroom or efficiency apartment and spend only 30 percent of his/her income towards rent. Nationally, a person with a disability on SSI must pay 98 percent of their income towards rent just to afford a modest one-bedroom apartment.

Copies of this report will be available after May 1<sup>st</sup> on TAC's website at [www.tacinc.org](http://www.tacinc.org); the *Opening Doors* website at [www.c-c-d.org/doors.html](http://www.c-c-d.org/doors.html); and hard copies are available by emailing [info@tacinc.org](mailto:info@tacinc.org) with your name and address or calling 617-742-5657 and asking for Aggie Douglas.

property, which must then be leased – under the rules of the Section 8 program – to homeless people. Under the S+C SRO program, the units must be leased exclusively to homeless people with disabilities. The “stand alone” program does not have these restrictions, although tenants must meet HUD's definition of homeless.

These programs are extremely difficult to implement unless the owner/developer has previous experience in the use of Section 8 project-based rental assistance, or hires a good development consultant. The rental assistance must be administered by a PHA – ideally one with prior experience in the Section 8 Moderate Rehabilitation program. In summary, these programs do require getting into the housing development business, and only succeed if other resources (i.e., pre-development financing, rehabilitation financing, construction financing, etc.) can also be obtained. Many groups that have received an initial commitment of these funds from HUD have ended up giving back

the funding because of their lack of housing development expertise. For more information on developing affordable housing for people with disabilities or who are homeless, read *Opening Doors* issue 10, available online at [www.tacinc.org](http://www.tacinc.org) or by emailing [info@tacinc.org](mailto:info@tacinc.org).

## The Supportive Housing Program (SHP)

Because of its flexibility – particularly its flexibility to fund supportive services – the SHP program is by far the most sought after of HUD’s three Homeless Assistance programs. The SHP program can fund one or more of the following activities:

- New construction of housing;
- Acquisition of housing;
- Rehabilitation of housing;
- Operating costs of housing;
- Leasing assistance;
- Supportive services in housing; and
- Supportive services not in conjunction with housing.

Because of this flexibility, it is easy to understand why Continuum of Care groups – and homeless services providers generally – see the SHP program as the answer to their problems. And, unlike the other Homeless Assistance programs, non-profit organizations, as well as PHAs and government agencies, are eligible to apply for SHP funding.

Even though SHP was clearly designed with permanent housing for people with disabilities in mind, only modest amounts of permanent housing have been developed using this resource. This may be because (1) providers prefer to target it for supportive services funding; (2) the HUD funding for acquisition, rehabilitation, and new construction activities cannot exceed \$400,000 and must be “matched” with an equivalent amount of cash financing from other sources; (3) the operating subsidy commitment for the housing is only for three years and then must be renewed; (4) most SHP grantees are service providers, not housing providers; and (5) many Continuum of Care groups do not know how to use SHP funding for leasing assistance.

## Available Assistance

HUD makes available funding to provide technical assistance (TA) to those agencies involved in the Continuum of Care process and in the delivery of services and housing to people who are homeless. This funding is distributed to each HUD Field Office or region.

A HUD-funded TA provider can assist “prospective applicants, applicants, recipients, or other providers of supportive housing or services for homeless persons, for McKinney/Vento Homeless Assistance funded projects” within the Field Office’s jurisdiction.

The major barrier to accessing HUD-funded TA is that TA providers *cannot* assist any organization

or Continuum of Care group during the annual SuperNOFA competition (historically late winter to early summer), that would result in one Continuum of Care group or organization having an unfair advantage over another in the competition. For example, during the competition, HUD-funded TA providers cannot write or provide guidance on how to complete a Continuum of Care application for submission to HUD.

Historically, there are HUD Field Offices that, together with their TA providers, have provided effective assistance to Continuum of Care planning groups. Some HUD Field Offices may not yet have spent their allocation of TA funds. For more information about HUD funded technical assistance, contact your local HUD Field Office.

## SHP Leasing Assistance

SHP leasing assistance is a very simple mechanism to expand permanent housing opportunities for people with disabilities. It can work very much like the Shelter Plus Care program, but without the problem of convincing a “reluctant” PHA to be the applicant. It also does not require a “dollar for dollar” service match like Shelter Plus Care, although the applicant must tell HUD how supportive services will be made available to SHP participants.

Under SHP leasing assistance, non-profit organizations can enter into lease agreements with private owners of rental housing on behalf of homeless people with disabilities. SHP leasing assistance can also be used in a manner similar to Section 8 vouchers, with the rent subsidy going to the landlord for a unit which the SHP participant selects from units available in the open market. SHP leasing assistance can also be used to lease single family homes or a cluster of apartments.

Most importantly, in 2000, new SHP leasing assistance projects were selected as part of the 30 percent permanent housing set-aside mandated by Congress, and could include supportive services funding for persons in the housing as a part of the application. The “downside” of SHP currently is that the renewals are not covered by a separate appropriation, as are S+C renewals for 2000 and 2001.

## Using SHP for Housing Development

SHP can also be used to finance the development and operation of permanent housing for people with disabilities that is owned by non-profit organizations. Non-profits can apply for up to \$400,000 in SHP funding for the acquisition, rehabilitation, or new construction of permanent housing.

The SHP funding must not exceed 50 percent of the total development costs for the project, and must be “matched” with an equal amount of funding from other sources. Many SHP permanent housing projects receive their match funding from other federal housing programs, including the HOME program and the Community Development Block Grant program.

In addition to this “capital” funding for development costs, SHP also provides a three year operating subsidy grant which is equal to 75 percent of the costs of operating the project (i.e. maintenance, insurance, utilities, property management, etc.) The remaining 25 percent of operating funding is paid through tenant rents, which cannot exceed 30 percent of monthly income. Non-profits can also apply – in the same application – for supportive services funding which would be used in conjunction with the permanent housing project.

This “mix” of development capital, operating, and supportive services funding is a “one stop shopping” approach to developing permanent housing. However, prospective SHP applicants seeking funds for housing development should keep in mind several important considerations. First, the maximum amount of SHP “capital” funding of \$400,000 may actually be a small percentage of the funding needed to develop a project. In addition to securing the “matching” funds required by HUD, non-profit developers may need to identify other sources of development financing in order to make the project feasible. Groups without previous development experience, or the resources to pay a development consultant to assist them, may find themselves unable to complete the project. Recent conversations with HUD staff have indicated that some SHP permanent housing projects have taken three years to obtain all of the funding needed to begin construction.

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## 2001 Notice of Funding Availability Released

**O**n February 26, 2001, HUD published its Notice of Funding Availability (Super NOFA) for 2001. This announcement marks the start of this year's application process for 45 HUD programs. Below are several housing programs that specifically can help people with disabilities. To order an application packet for these programs, call HUD's SuperNOFA Information Center at 1-800-483-8929; TTY: 1-800-483-2209.

### Continuum of Care

The Super NOFA announced the availability of \$850 million dollars for the Supportive Housing Program, Shelter Plus Care, and Section 8 Moderate Rehabilitation Single Room Occupancy program through HUD's Continuum of Care approach. These programs, which are explained in detail in this issue of Opening Doors, can be used to expand permanent housing for homeless people with disabilities.

Continuum of Care groups will start working on their applications soon, since the application is due May 31<sup>st</sup>. It is important to make sure that all the key people in the community – including you – are at the table.

### Section 8 Vouchers

There are almost 9,000 new Section 8 vouchers targeted to people with disabilities available from HUD divided into three separate "pots":

1. \$54.1 million in funding for 1,900 five-year "Mainstream" Section 8 vouchers exclusively targeted for people with disabilities. These funds are available to both qualified non-profit disability organizations as well as to PHAs administering the Section 8 program. Qualified applicants can apply for up to 75 vouchers and will be selected

through a lottery system. The application deadline is July 20, 2001.

2. \$20 million in funding for 3,500 one-year Section 8 rental vouchers targeted to people with disabilities ("Certain" Section 8s). These Section 8 resources are intended to help replace the loss of housing units for people with disabilities that has occurred from the implementation of "elderly only" housing policies in privately owned HUD assisted housing. Only PHAs can apply directly for these funds and can request up to 200 vouchers. These applications are due on June 15, 2001.
3. \$20 million in funding for 3,500 one-year Section 8 rental vouchers targeted to people with disabilities in conjunction with a PHA's HUD-approved Allocation Plan to designate public housing units as "elderly only," "disabled-only," or "mixed elderly and disabled" public housing. Only PHAs can apply directly for these funds, and the deadline for submittal of the Allocation Plan is May 16, 2001 while the deadline for submitting the entire application is July 24, 2001.

Please note that non-profit disability organizations are not eligible to administer any of the Section 8 vouchers in #2 and #3 above. If HUD does not receive enough applications to award all of the Section 8 vouchers included in #2 and #3 above, the remaining vouchers will be awarded only to PHAs who apply under #1 above. Therefore it is beneficial to partner with your local PHA in your application because they have a greater chance of being funded for the Mainstream Program.

In the past, TAC has been able to provide technical assistance (TA) to non-profit organizations interested in applying for these vouchers. This year TAC will not be hosting a teleconference call or providing

one-on-one TA. However, TAC will post information and TA materials on its website for both PHAs and non-profits to access. More information about engaging your PHA is also available on TAC's website at <http://www.tacinc.org>.

## Housing Opportunities for Persons with AIDS

HUD announced the availability of \$25.5 million in funding for projects serving low-income persons with HIV/AIDS through the Housing Opportunities for Persons with AIDS (HOPWA) Program. This funding may be used to develop projects that will serve as effective models in addressing the housing and related supportive service needs of low-income persons living with HIV/AIDS and their families. Housing-related activities that this funding may be used for include: housing information services; rental assistance; construction, acquisition, rehabilitation, lease, or repair of facilities to provide housing and services; operating costs for housing; and short term rent, mortgage, and utility payments.

### Section 811 Program

The NOFA also announced \$121 million in funding to develop permanent housing through the Section 811 Supportive Housing Program for Persons with Disabilities. The Section 811 program was designed to help

low income people with disabilities live independently in the community by giving non-profit organizations the resources to develop decent, safe, and affordable housing. The application deadline is May 25, 2001.

Section 811 funding may be used by non-profit organizations to finance the construction, rehabilitation, acquisition, and operating costs of a variety of housing options ranging from small group homes and independent living facilities to units in multi-family housing, condominium, and cooperative housing developments.

Funding from the Section 811 program is a very valuable resource. Depending on the cost of the housing, the Section 811 program may provide virtually all of the funding needed to acquire, rehabilitate, or construct new housing for people with disabilities. The program also provides funding for ongoing housing operating costs such as insurance, utilities, maintenance/repairs, etc., if needed. In conjunction with the capital funding, the Section 811 program also provides funding for five-year project based rental assistance contracts. These rental assistance contracts are designed to cover the difference between the tenant's contribution toward rent (e.g. 30 percent of income) and the HUD-approved cost to operate the Section 811 project.

## NOFA Summary

PROGRAM	AMOUNT AVAILABLE	DUE DATE
Continuum of Care Homeless Assistance	\$850 million	May 31, 2001
Section 8 Mainstream Vouchers	\$54.1 million	July 20, 2001
"Certain" Section 8s	\$20 million	June 15, 2001
Section 8s for Allocation Plans	\$20 million	May 16, 2001 Allocation Plans are due, July 24, 2001 the entire application is due.
HOPWA	\$25.5 million	April 24, 2001 for renewals; June 13, 2001 for new requests
Section 811	\$121.2 million	May 25, 2001

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Another consideration is the limited 3-year commitment that SHP provides for the operating subsidy funding for the project. Although this commitment can be renewed by HUD after the first three years, this renewal is not a certainty under present HUD policy, and may make it more difficult for the non-profit developer to obtain the needed capital financing. While SHP can be an excellent resource to expand housing production for homeless people with disabilities, it is a program that works best in the hands of experienced housing development organizations, or with organizations that form partnerships with experienced developers.

## Conclusion

HUD's Notice Of Funding Availability for McKinney/Vento Homeless Assistance will be published in the Federal Register during the late winter or early Spring of 2001. It is very important for organizations

serving homeless people with disabilities to get an early start on possible new permanent housing applications under the SHP, S+C, and Section 8 SRO programs. Each program offers one or more different approaches to expand housing opportunities, that should be evaluated in the context of local needs, housing market conditions, and the current housing capacity of agencies involved in the Continuum of Care process.

In some cases, existing Continuum of Care groups may be prepared to successfully undertake permanent housing activities. However, in some localities, expanding permanent housing for homeless people with disabilities may mean exploring a new partnership with a PHA or another non-profit organization with experience in housing. Given these considerations, and the opportunities which can be expected in this year's NOFA, planning for new permanent housing should begin immediately.

## Opening Doors

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