

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

HOUSING FOR SPECIAL POPULATIONS  
(HOUSING FOR THE ELDERLY OR HANDICAPPED PROGRAM)

PROGRAM HIGHLIGHTS

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
	(Dollars in Thousands)			
<u>Elderly:</u>				
Capital Grant and Project Rental Assistance Contracts (PRAC) ....	\$779,000	\$783,286	\$783,286	...
Conversion to Assisted Living ..	[\$49,890]	[\$50,000]	[\$30,000]	[-\$20,000]
Service Coordinators/Congregate Services .....	[\$49,890]	[\$50,000]	[\$53,000]	[\$3,000]
Rescission .....	-\$1,714	...	...	...
PRAC Renewals .....	[...]	[\$3,000]	[\$15,647]	[\$12,647]
Working Capital Fund .....	[\$499]	[\$600]	[\$250]	[-\$350]
Subtotal .....	\$777,286	\$783,286	\$783,286	...
<u>Disabled:</u>				
Capital Grant, PRAC and Vouchers	\$217,000	\$240,865	\$250,515	+\$9,650
Mainstream Voucher Contract Renewals .....	[...]	[\$23,142]	[\$32,157]	[\$9,015]
PRAC Renewals .....	[...]	[\$1,300]	[\$5,996]	[\$4,696]
Rescission .....	-\$477	...	...	...
Working Capital Fund .....	[\$499]	[\$600]	[\$250]	[-\$350]
Subtotal .....	\$216,523	\$240,865	\$250,515	+\$9,650
Use of Recaptures .....	...	...	-\$9,650	-\$9,650
Total New Budget Authority .....	\$993,809	\$1,024,151	\$1,024,151	...
Carryover/Recaptures .....	\$2,819,436	\$2,895,989	\$2,895,989	...
Total Resources .....	\$3,813,245	\$3,920,140	\$3,920,140	...
Obligations .....	\$917,256	\$1,024,151	\$1,024,151	...
Budget Outlay .....	\$773,973	\$847,000	\$885,000	+\$38,000
<u>Unit Reservations:</u>				
Elderly .....	6,041	6,066	5,911	-155
Disabled .....	<u>1,570</u>	<u>1,569</u>	<u>1,476</u>	<u>-93</u>
Subtotal .....	7,611	7,635	7,387	-248
Elderly PRAC Renewal .....	...	1,632	4,690	+3,058
Disabled PRAC Renewal .....	...	691	1,670	+979
Mainstream Voucher Contract Renewal .....	...	3,510	5,355	+1,845

## Housing for Special Populations

NOTE: Elderly Capital Grants, PRAC renewals, and Service Coordinator/Congregate Services amounts for fiscal year 2003 include the reuse of recaptures.

### SUMMARY OF BUDGET ESTIMATES

An appropriation of \$1.024 billion is proposed for Housing for Special Populations in fiscal year 2003. This appropriation, together with recaptures of prior year obligations and cancellations of previous commitments, will maintain new grant awards for the development of projects serving the elderly and for persons with disabilities, at not less than the level enacted in fiscal year 2002. Included in this amount is an estimated \$15.6 million to renew expiring Project Rental Assistance Contracts (PRAC) under the elderly program and \$6 million for renewal of disabled PRAC Renewals. In addition, \$32 million is requested for renewal of the mainstream vouchers under the disabled program. Of the total funds for the elderly, \$30 million will be used to continue the conversion of existing elderly projects to assisted living facilities, and a total of \$53 million for an expanded Service Coordinators/Congregate Services program is proposed to provide services in projects for the elderly and the disabled. Not less than \$500 thousand is to be transferred to the Working Capital Fund for information technology in fiscal year 2003. Of the total funding proposed for the disabled, up to 25 percent is available for tenant-based assistance to provide for program flexibility and more choice in housing for low-income persons with disabilities.

### EXPLANATION OF INCREASES AND DECREASES

For the 2003 Budget, new appropriations of \$1.024 billion are requested to fund elderly and disabled activities. Although the total 2003 Budget for Housing for Special Populations did not increase, there are increases and decreases in the programs within the Housing for Special Populations account. Amounts necessary for the renewal of PRAC contracts for elderly projects expiring in 2003 increase by \$13 million and Disabled PRAC renewals increase by \$5 million from the 2002 level. In addition, the estimated cost of renewing expiring Mainstream Voucher contracts has increased by \$9 million. Grants for the conversion of elderly projects to assisted living is being decreased by \$20 million, due to the low initial response to this new authority. This request also includes an increase of \$3 million for the cost of expanding eligibility for service coordinators for projects that serve the disabled in addition to the current program that serves elderly residents in assisted housing developments. However, up to \$10 million in recaptures or cancellations of prior year commitments will be used to fully fund this activity.

### PROGRAM DESCRIPTION AND ACTIVITY

The Supportive Housing Programs. The supportive housing programs were authorized by Section 801 and Section 811 of the Cranston-Gonzalez National Affordable Housing Act to provide eligible private non-profit organizations with capital grants and rental assistance to provide housing for very low-income elderly or disabled individuals. The capital grants will be used to finance the acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or rehabilitation of housing intended for use as supportive housing for elderly people or people with disabilities. Supportive housing is designed to meet the special physical needs of elderly or disabled individuals and to accommodate the provision of supportive services.

Capital Grants for Conversion to Assisted Living. These funds will be available to existing HUD elderly subsidized projects that convert some or all units to assisted living. Typical funding will cover basic physical conversion of existing project units, common and services space. These competitive grants would be available to existing HUD project owners who demonstrate strong commitment to: (1) serve eligible frail elderly and disabled residents, and (2) promote resident autonomy, independence, choice and control. Existing project owners must provide supportive services for the residents either directly or through a third party. Examples of both mandatory and optional supportive services (which will vary from state to state) would include: (1) 24-hour staff for protective oversight and personal care, (2) two meals per day, (3) housekeeping services, (4) personal counseling, and (5) transportation.

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Service Coordinators. Section 808 of the Cranston-Gonzalez National Affordable Housing Act authorized the use of Service Coordinators within existing projects for the elderly or people with disabilities. Sections 674 and 676 of the Housing and Community Development Act of 1992 expanded the universe of projects eligible to receive service coordinator assistance by authorizing funding for service coordinators in Section 8 and Sections 221(d)(3) and 236 projects. The purpose of the Service Coordinators program is to enable residents who are elderly, or people with disabilities to live as independently as possible in their own homes. The \$53 million set-aside for fiscal year 2003 for Service Coordinators/Congregate Services is reflected in the tables above under the Elderly heading for presentation purposes only. Disabled projects are also eligible for funding within the overall total.

Service Coordinator funds pay the salary and fringe benefits of a Service Coordinator and cover related program administrative costs. The primary responsibility of a Service Coordinator

is to help link residents of eligible housing with supportive services provided by community agencies. The Service Coordinator may also perform such activities as providing case management, acting as an advocate or mediator, coordinating group programs, or training housing management staff.

Congregate Housing Services Program (CHSP). This program was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year grants to fund services for eligible residents of Public Housing and Section 202 Housing for the Elderly or Handicapped. The intent was to avoid costly and premature or unnecessary institutionalization of individuals and to reduce Government outlays for institutional care. The program was revised in 1992 to add other assisted housing programs.

The CHSP grant from HUD, in conjunction with grantee match and participant fees, subsidizes the cost of supportive services that are provided on-site and in the participant's home. Such services may include congregate meals, housekeeping, personal assistance, transportation, personal emergency response systems, case management, and preventative health programs. HUD requires that each program includes a Service Coordinator and that each makes at least one hot congregate meal available every day to participants. Eligible participants are residents of eligible housing who are frail (i.e., have difficulty performing three or more activities of daily living) or are people with disabilities age 18 or older.

CHSP funds allow residents of subsidized housing to afford supportive services that enable them to continue living as independently as possible in their homes for as long as possible. Without this program, most of the low- and very low-income participants would have no choice but to relocate to a facility that provides a higher level of care, such as a nursing home, to meet their daily living needs.

Vouchers. Up to 25 percent of total funding for supportive housing for persons with disabilities will be made available for tenant-based assistance to increase program flexibility. The assistance will allow disabled renters to search for and rent a standard unit in the private market. This is known as "mainstreaming" recipients into the housing market.

The Direct Loan Program. The Housing for the Elderly or Handicapped Direct Loan program was authorized by Section 202 of the Housing Act of 1959, as amended. The program is no longer active, although projects developed under it continue to operate. The program provided direct loans to nonprofit organizations sponsoring the construction and management of rental housing for the elderly or handicapped. Projects originally developed under Section 202 also receive Section 8 subsidies to enable low-income households to afford the rents in these projects. The 1992 VA-HUD-IA Appropriations Act (Public Law 102-139) provided language to enable the conversion of pipeline Section 202 direct loan projects to the Supportive Housing program starting January 1, 1992. All of the pipeline Section 202 projects were converted in fiscal year 1992. Any remaining activity for the loan program includes amendments for projects reaching final endorsement, payment of interest and repayment of borrowings to Treasury, and management of the loan portfolio.

Housing for Special Populations

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2003 vs 2002</u>
	(Dollars in Thousands)			
<u>Section 202 Loan Program:</u>				
Outlays .....	-\$462,000	-\$484,000	-\$529,000	+\$45,000
Direct loans outstanding, end of year .....	7,804,000	7,623,000	7,403,000	-220,000

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

The Housing for Special Populations account funds the targeted Section 202 program for low income elderly families and the Section 811 housing program for persons with disabilities, both of which are necessary to achieve HUD's Strategic Goal 3: Improve the Quality of Public Housing and Provide More Choice for its Residents, Strategic Goal 4: Strengthen and Expand Faith-Based and Community Partnerships that Enhance Communities, Strategic Goal 6: Embrace High Standards of Ethics, Management and Accountability, and Strategic Goal 7: Ensure Equal Opportunity and Access to Housing.

Housing for Special Populations

NOTE: Targets are preliminary and may be revised with the submission of the full Annual Performance Plan document

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
<b>Strategic Goal 3: Improve the quality of public housing and provide more choices for its residents.</b>			
Discretionary BA (Dollars in Thousands)	\$371,000	\$380,300	\$380,200
FTE			
Headquarters	9	11	11
Field	150	152	152
Subtotal	159	163	163
<b>Strategic Objective 3.2: Improve the management accountability for public and assisted housing.</b>			
Indicator: Among households living in public housing and subsidized multifamily properties, the share living in developments that have substandard financial management decreases by 2.5 percentage points.	29.2%	24.2%	21.7%
<b>Strategic Objective 3.3: Improve physical and related conditions in public and assisted housing.</b>			
Indicator: The share of public housing and assisted multifamily units that meet HUD-established physical standards increases by 1.5 percentage points.	92.5%	95.5%	97%
Indicator: The share of HUD-Assisted Properties observed with Exigent Health and Safety or Fire Safety Deficiencies decreases by 1.0 percentage point for public housing and by 0.6 percentage points for assisted multifamily housing.	39.6% anticipated	39%	38.4%
The average satisfaction of assisted renters and public housing tenants with their overall conditions increases by 1 percentage point.	71%	72%	73%
Indicator: The share of units that have functioning smoke detectors and are in buildings with functioning smoke detectors increases by 1.2 percentage points for public housing and by 0.7 percentage points for assisted multifamily housing.	90.8%	91.5%	92.2%
<b>Strategic Goal 4: Strengthen and expand faith-based and community partnerships that enhance communities.</b>			
Discretionary BA (Dollars in Thousands)	\$140,000	\$144,600	\$144,600

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STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
FTE			
Headquarters	5	6	6
Field	55	56	56
Subtotal	60	62	62
<b>Strategic Objective 4.1: Ensure equal access to HUD resources for faith-based and grassroots non-profits.</b>			
Increase the number of faith-based and community organization grant applications and successful grantees from FY 2003 baseline by FY 2004.	NA	NA	Establish Baseline
<b>Strategic Goal 6: Embrace high standards of ethics, management and accountability.</b>			
Discretionary BA (Dollars in Thousands)	\$51,300	\$53,700	\$53,600
FTE			
Headquarters	5	6	6
Field	17	17	17
Subtotal	22	23	23
<b>Strategic Objective 6.2: Improve accountability, service delivery and customer service of HUD and our partners.</b>			
HUD partners become more satisfied with the Department's performance, operations, and programs.	202/811 = 88%	NA	at least 88%
<b>Strategic Goal 7: Ensure equal opportunity and access to housing.</b>			
Discretionary BA (Dollars in Thousands)	\$431,700	\$445,600	\$445,500
FTE			
Headquarters	20	24	24
Field	165	167	167
Subtotal	185	191	191
<b>Strategic Objective 7.2: Improve the accessibility of housing to persons with disabilities.</b>			
<b>Strategic Objective 7.3: Improve housing options for the elderly.</b>			
Indicator: The number of assisted-living units that HUD supports through FHA insurance and conversion of Section 202	Baseline To Be Determined	Increase over Baseline	Increase over FY 2002

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STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
elderly units increases.			
Indicator: The number of elderly households living in private assisted housing developments served by a service coordinator for the elderly increase by 10 percent.	Baseline To Be Determined	Baseline +10%	Baseline + 20%
Indicator: Service-enriched housing increases the satisfaction of elderly families and individuals with their units, developments and neighborhoods.	Baseline To Be Determined	Baseline +10%	Baseline + 20%
Indicator: Increase the availability of affordable housing for the elderly and persons with disabilities by bringing 250 projects to initial closing under Sections 202 and 811.	226	291	250
Indicator: At least 10 Section 202 developments will complete conversion of units to assisted living by 2003.	NA	NA	10
<b>FTE Total</b>	<b>426</b>	<b>439</b>	<b>439</b>

NA = Not Applicable