

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

HOUSING FOR PERSONS WITH DISABILITIES (Section 811)

	ACTUAL 2002 a/	ESTIMATE 2003 a/	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
<u>Available Resources:</u>				
Budget Authority	\$240,865	\$250,515	\$250,515	...
Carryover/Recaptures	<u>573,590</u>	<u>462,677</u>	<u>462,677</u>	<u>...</u>
Subtotal	814,455	713,192	713,192	...
Obligations	351,778	250,515	250,515	...
Outlays	223,119	219,039	228,039	9,000
<u>Units</u>				
Disabled	1,859	1,804	1,749	-55
Disabled PRAC Renewal	691	1,670	2,263	593
Mainstream Vouchers	1,870	1,750	1,770	20
Mainstream Voucher Contract Renewal	3,510	4,665	6,640	1,975

a/ Amounts reflect activity previously funded in the Housing for Special Populations account.

SUMMARY OF BUDGET ESTIMATES

An appropriation of \$251 million is proposed for Housing for Persons with Disabilities for fiscal year 2004. Included in this amount is an estimated \$8 million to renew expiring Project Rental Assistance Contracts (PRAC) under the Disabled program. In addition, \$42 million is requested for renewal of the mainstream vouchers under the disabled program. Not less than \$470 thousand is to be transferred to the Working Capital Fund for information technology in fiscal year 2004. 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. The effectiveness of the Housing for Persons with Disabilities (Section 811) was evaluated during the past year using the Office of Management and Budget's new Program Assessment Rating Tool (PART). Major findings were: (1) long-term performance measures are inadequate to determine what impact the program has on poor disabled individuals; (2) development delays and cost increases are common and there is lack of program focus on cost-effectiveness and efficiency in delivery of housing assistance; and, (3) the capital advance program produces few housing units relative to need.

As a result of the analysis, the Department will develop performance measures that attempt to measure outcomes and the efficiency of the program. The Department will also propose amendments to streamline the delivery of new housing assistance to provide more housing units for very low-income disabled persons. Amendments to the current program would allow non-profit organizations more flexibility in using grant funds to respond to local needs. In addition, to help achieve the goal of ending chronic homelessness within a decade, the Department proposes to provide incentives for project sponsors to aid those disabled at greater risk of homelessness.

Specific reform proposals by the Department will include the following:

- Amend the Section 811 authority so that the portion of funds transferred to the Housing Assistance for Needy Families (HANF) program for tenant-based rental assistance is administered by the States as part of the new program. Separate performance goals and measures will be established for HANF funding, to include a specific performance standard for aid to the disabled.

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- Amend the Section 811 authority to clarify that a major focus of the assistance provided with the remainder of Section 811 funding (not administered as part of HANF) supports the Department's strategic objective of ending chronic homelessness. The Department will establish measures of the Section 811 program's contribution to the strategic objective in the Strategic Plan and 2004 Annual Performance Plan.
- Amend Section 811 to provide additional flexibility to nonprofit organizations in the use of funds awarded, provided they demonstrate consistency with the goals of the program and commit to specific outcomes. Eligible uses would include the forms of housing assistance specified in the HOME block grant authority, including leasing, acquisition, rehabilitation, construction, and tenant-based or sponsor-based assistance. Down payment assistance and other homeownership activities would not be eligible.
- In the Notice of Funds Availability for fiscal year 2004, a preference for applications that address those disabled fitting the profile of people at risk of homelessness and a requirement that applicants have coordinated with their local Continuum of Care agencies in developing their proposals.
- In the Notice of Funds Availability for fiscal year 2004, preferences and incentives to encourage leveraging of funds from private and public sources, including equity supported by the Low-income Housing Tax Credit.
- In the Notice of Funds Availability for fiscal year 2004, a preference for smaller-scale projects that are integrated into the community.
- To reduce costs and allow recipients to apply resources in the most cost-effective manner locally, replace over 400 pages of prescriptive regulation, policies, notices, and guidelines that govern the current Section 811 capital grant program with a streamlined, performance-focused set of regulations similar to those that guide HOME block grant administration.
- Commit to timely use of funds. Require that recipients use the funds as planned within a specified period and demonstrate promised results or be subject to recapture.

The outcome of these reform proposals will be the faster availability of more housing to meet the needs of very low-income disabled persons, availability of housing that encourages community integration, and availability of housing to help those disabled at greater risk of homelessness.

EXPLANATION OF INCREASES AND DECREASES

For the 2004 Budget, new appropriations of \$251 million are requested to fund disabled activities. The total 2004 Budget for Housing for Persons with Disabilities remains the same as fiscal year 2003 requested in the Housing for Special Populations account. Amounts necessary for the renewal of PRAC contracts for disabled projects expiring in 2004 increased by \$2 million from the 2003 requested level. In addition, the estimated cost of renewing expiring Mainstream Voucher contracts has increased by \$10 million. These increases reflect the increase in the number of units being renewed as well as increase in per unit cost. An increase of \$220 thousand is proposed for the transfer to the Working Capital Fund for the development of and modification to information technology system that serve activities under the Housing for Persons with Disabilities program.

PROGRAM DESCRIPTION AND ACTIVITY

Housing for Persons with Disabilities Program. The Housing for Persons with Disabilities program was authorized by Section 811 of the Cranston-Gonzalez National Affordable Housing Act to provide eligible non-profit organizations with capital advances and rental assistance to provide housing for disabled individuals. The capital advances will be used to finance the acquisition, acquisition with rehabilitation, construction, reconstruction, or rehabilitation of housing intended for use for persons with disabilities. Housing for Persons with Disabilities is designed to meet the special physical needs of disabled individuals and to accommodate the provision of supportive services. In fiscal year 2004, the Administration proposes reforms to this account to permit greater local flexibility in meeting the housing needs of the disabled. The Administration continues the commitment made in 2003 to end chronic homelessness within a decade through a new Samaritan Initiative. The chronically homeless are a subpopulation of perhaps 150,000 who often have an addiction or suffer from a disabling physical or mental condition. They are homeless for extended periods of time or experience multiple episodes of homelessness. Research indicates that although these individuals may comprise less than 10 percent of the homeless population, they consume more than one-half of all homeless services because their needs are not comprehensively addressed.

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 persons 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 202, 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 persons with disabilities to live as independently as possible in their own homes. The \$53 million set-aside for fiscal year 2004 for Service Coordinators/Congregate Services is authorized under the Housing for the Elderly program account. Housing for Persons with Disabilities program 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 Disabled. 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 persons 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 funding for new grants for supportive housing for persons with disabilities will be made available in the form of tenant-based rental assistance vouchers 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. After fiscal year 2004, the administration of tenant-based rental assistance under Section 811 will be transferred to the States as part of the Housing Assistance for Needy Families (HANF) program.

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ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	15	16	16
Field	121	119	122
Total FTE	136	135	138
S&E Cost (Dollars in Thousands)			
Personal Services	\$11,136	\$11,375	\$11,939
Travel	137	113	122
Printing	11	14	14
Other Services	34	8	4
Supplies	4	3	3
Total S&E Cost	\$11,322	\$11,513	\$12,082