



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES
ACCESSIBLE HOMES AND SERVICE COORDINATION FOR THE ELDERLY AND DISABLED

In Fiscal Year 2012, HUD is requesting a total of \$1.07 billion to fund programs that will directly support housing and services for elderly and disabled individuals and their families.

HUD remains solidly committed to providing housing and services for our nation's most vulnerable families, including very-low income elderly individuals and persons with disabilities. While several HUD programs serve these populations, the \$1.07 billion request will be *entirely dedicated to elderly and disabled individuals*. To ensure effective provision of housing and services, HUD continues to make necessary changes to the Section 202 and 811 programs to best fit the needs of the families they serve. This includes streamlining program structure, improving administrative processing to speed timeframes, leveraging related state and federal investments in affordable housing and elderly healthcare, and improving geographic allocations to better meet local market needs.

HOUSING FOR THE ELDERLY (SECTION 202)

Over the last 50 years, HUD's Section 202 program has provided over 400,000 affordable homes for very-low income elderly individuals. Specifically, the 202 program provides capital advances and operating subsidies to non-profit sponsors to construct and manage properties. HUD is working to better target its programs, bring new units on line faster, and better leverage each program dollar. This includes aligning new Section 202 developments with healthcare reforms at the state and federal level to better support elderly as they age in place in the community.

In 2012, HUD is requesting a total of \$757 million for Section 202, which is a \$483 million increase over the 2011 request. This request will provide crucial funding to initiatives including:

- *\$387 million for elderly expansion activities*, including the new construction, rehabilitation, or preservation of approximately 2,813 new units
- *\$91 million for service coordinators*, who are responsible for linking residents of eligible housing with supportive services provided by community agencies
- *\$20 million for conversion to assisted living and emergency repairs grants*, which will target owners who demonstrate a strong commitment to promoting resident autonomy, independence, choice and control
- *\$259 million for Project Rental Assistance Contract (PRAC) Renewals/Amendments* for 75,936 units

HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)

HUD's Section 811 program provides access for persons with disabilities to affordable housing that meets their physical needs and accommodates the provisions of supportive services. Specifically, HUD provides capital advances and operating subsidies to non-profit sponsors to construct and manage multifamily housing for low-income people with disabilities. As appropriate, HUD delegates award and oversight of Section 811 funding to States which have evidenced a high level of collaboration between their housing and healthcare agencies for persons with disabilities. In addition, through the Section 811 Mainstream program, HUD provides vouchers to individuals with disabilities so that they can access affordable housing of their choice on the private market. Administering agencies of Mainstream Section 811 help persons with disabilities in locating and making physical modifications to rental units, and allow those individuals to voluntarily connect with supportive services.

In 2012, HUD is requesting \$196 million for the Section 811 program. This request will provide crucial funding to initiatives including:

- *\$111 million* for new capital advance and operating assistance to eligible non-profit organizations for the development of new units.
- *\$85 million* for Project Rental Assistance Contracts (PRAC) for 19,107 units

In addition, through the Tenant-Based Rental Assistance (TBRA) account, **HUD is requesting \$114 million for the renewal of Section 811 mainstream vouchers**, enabling persons with disabilities to access affordable housing of their choice on the private market. HUD also remains committed to supporting housing and services for



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individuals with disabilities through specialized vouchers. Since 2009 a total of 7,745 special vouchers have to non-elderly persons with disabilities, including those individuals who wish to transition out of institutions.

INTERAGENCY COLLABORATION

HUD has developed a close partnership with the Department of Health and Human Services (DHHS) to better align housing programs with health and social service programs for individuals with disabilities. Specifically, this partnership has included:

- *1,000 Non-Elderly Disabled Vouchers* to be released in connection with the "Money Follows the Person" Program, to target disabled individuals wishing to transition from institutional settings to the community.
- *Housing Resource Coordinators* to facilitate the linkages between Medicaid services and the resources available through Public Housing Agencies.
- *Capacity Building Effort* to promote collaboration between human service agencies and housing agencies at the federal, state and local levels to improve the support of persons with disabilities.



SECTION 202 AND 811 PROGRAM REFORM

HUD remains committed to tailoring its programs to meet the unique needs of persons with disabilities and elderly individuals, as well as to making necessary changes to ensure that dollars are used effectively and efficiently. To that end, in 2012, HUD is proposing legislation to modernize the 811 and 202 programs, building on a foundation that was provided by two bipartisan bills passed and enacted into law during the 111th Congress. Those laws offer key steps forward through practical improvements for Section 811 by authorizing HUD to provide operating-assistance-only funding through States, which demonstrates an integrated health care and housing approach to serving disabled households; and, for Section 202, by authorizing key preservation tools including new Section 8-like contracts to maintain long-term affordability on aging properties.

Today, in an environment where affordable housing for the elderly and disabled are primarily funded through State and local sources, it is incumbent on HUD to operate the Section 202 and 811 programs in ways that integrate non-federal sources of financing and align with local best practices. As part of this effort HUD is proposing to shift away from PRAC to project-based section 8 rental assistance contracts. Not only does this align with a larger HUD effort to streamline its operating assistance programs, but, by providing more operating assistance over the life of the project, sponsors can better leverage private sources of capital upfront. This 21st century financing model will both increase the total number of, and accelerate the delivery of, Section 202 and Section 811 units. HUD is also proposing to convert the existing Section 202 predevelopment grant to a planning grant in order to enable non-profits without access to capital to increase their capacity for the initial project planning, design and financing and to help them better compete for Section 202 or Section 811 grants. The proposed legislation would prioritize projects whose sponsors set aside a number of units for Medicaid-eligible frail or near frail elderly and/or through co-locating Section 202 projects with community-based healthcare facilities.

Taken together, this legislative agenda puts in place the framework for a new generation of housing targeted at populations most in need of affordable housing. It creates and sustains more affordable units at a lower initial cost than under the status quo. It streamlines the program to reduce administrative processing and increase the likelihood of units successfully being completed under a shorter timeframe. And it ensures that new housing serves as a platform for the elderly and disabled to access key services required to live independently.