

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for Persons with Disabilities (Section 811)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2020 Appropriation	202,000	191,334 ^{a/}	15,000	408,334	175,551 ^{b/}	200,028
2021 Appropriation	227,000	233,448	-	460,448 ^{c/}	309,000	309,000
2022 President's Budget	272,000	161,448 ^{d/}	-	433,448	275,000	309,000
Change from 2021	45,000	(72,000)	-	(27,000)	(34,000)	-

a/ Amount includes \$188.9 million in carryover and \$2.4 million in collections.

b/ Amount differs from Budget Appendix due to rounding.

c/ Amount excludes \$6 million in estimated recoveries and \$3 million in estimated collections.

d/ Amount includes \$1 million in estimated recoveries.

PROGRAM PURPOSE

The Housing for Persons with Disabilities Program (Section 811) provides project-based rental assistance to very low- and extremely low-income persons with disabilities to live independently in integrated housing settings with community-based support and services. The program targets vulnerable persons with disabilities who need affordable housing to effectively access community-based support and services, such as case management, housekeeping, and daily living assistance to successfully live independently in the community. Section 811 provides project-based rental assistance that covers the difference between HUD-approved operating costs of the project and the tenants' contributions toward rent, as well as direct funding for construction through Capital Advances.

BUDGET OVERVIEW

The 2022 President's Budget requests \$272 million for the Section 811 program, which is \$45 million more than the 2021 enacted level. This includes:

- \$190 million for Project Rental Assistance Contracts (PRAC), Project Assistance Contracts (PAC), and State Project Rental Assistance (State PRA) renewals and amendments;
- \$80 million for Capital Advance and Project Rental Assistance to increase the supply of affordable, community-based housing for persons with disabilities; and
- \$2 million for inspections and related administrative costs.

In addition, to support HUD's focus on climate, property owners who seek to improve their properties may be eligible to receive grants or loans under the Green and Resilient Retrofit program.

This budget level assumes that adverse impacts of the current COVID-19 pandemic will gradually begin to subside and the start of a transition to normalcy within the last quarter of 2021, with strides towards full economic recovery well underway by the start of 2022.

JUSTIFICATION

PRAC/PAC/State PRA Renewals and Amendments - \$190 million

The requested funding continues annual rental assistance to approximately 31,000 units included in the 2,700 housing properties under contracts requiring renewal or amendment in calendar year 2022. Increases in gross needs for Section 811 PRAC/PAC/State PRA renewals and amendments are driven mainly by increased project operating costs and other inflationary factors, and by funding needed to support units under contracts that are renewing or need amendment funding for the first time. Key assumptions for 2022 include:

- Approximately four percent subsidy increase from project operating costs and other inflationary factors;
- Approximately 800 PRAC units renewing or requiring amendment funds for the first time; and
- A portion of existing State PRA contracts will require annual amendment funds for the first time.

Capital Advance and State Project Rental Assistance - \$80 million

The requested funding will support 900 new Section 811 units to expand the supply of affordable housing for very low- and extremely low-income persons with disabilities to live independently in the community with connections to critical supportive services, as an alternative to costly institutional care. The awards will provide construction funding through Capital Advances with operating assistance to not-for-profit owners and new Project Rental Assistance (PRA) awards to State Housing Finance Agencies (HFAs), as well as other eligible entities.

Capital Advance Amendments and Other Expenses - \$2 million

The requested funding provides up to \$2 million for physical inspections and related administrative costs.

The Section 811 Program addresses the unmet housing needs of very low- and extremely low-income renters with disabilities who may experience severe housing problems. HUD's *Worst Case Housing Needs: 2019 Report to Congress* showed that 1.3 million renter households with worst case needs included one or more non-elderly people with disabilities.¹ People with disabilities often require accessible housing and supportive services to live independently and avoid institutionalization. Finding housing that accommodates these needs is very challenging.

Owners of Section 811 properties may be able to receive a grant or loan to improve the climate resilience and energy efficiency of the units through HUD's new Green and Resilient Retrofit program. Please see the "Green and Resilient Retrofit" justification for more information.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes \$800 million to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. HUD's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation),

¹ HUD (2020). *Worst Case Housing Needs: 2019 Report to Congress*. Available at: <https://www.huduser.gov/Portal/sites/default/files/pdf/worst-case-housing-needs-2019.pdf>

and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change. Please see the “Climate Overview” justification for more details.

Q4 2020 Section 811 Tenant Characteristics																								
<p>How many households and people are served?</p> <p>35 thousand people</p> <p>32 thousand households</p>	<p>What are the racial characteristics of the tenants?</p> <p>This program serves a relatively demographically diverse population. 38% of residents are in a minority group.</p> <table border="1"> <thead> <tr> <th>Asian/ P.I.</th> <th>Black, non- Hispanic</th> <th>Hispanic</th> <th>Native American</th> <th>White</th> <th>Unknown</th> </tr> </thead> <tbody> <tr> <td>2%</td> <td>27%</td> <td>8%</td> <td>1%</td> <td>55%</td> <td>7%</td> </tr> </tbody> </table>	Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown	2%	27%	8%	1%	55%	7%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 3%</p> <p>Elderly 25%</p> <p>Non-elderly disabled 75%</p>										
Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown																			
2%	27%	8%	1%	55%	7%																			
<p>How big are the households?</p> <table border="1"> <thead> <tr> <th>Household Size</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1 Person</td> <td>92%</td> </tr> <tr> <td>2 People</td> <td>6%</td> </tr> <tr> <td>3 People</td> <td>1%</td> </tr> <tr> <td>4+ People</td> <td>0%</td> </tr> </tbody> </table>	Household Size	Percentage	1 Person	92%	2 People	6%	3 People	1%	4+ People	0%	<p>How old are the heads of household?</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>24 Years or Less</td> <td>2%</td> </tr> <tr> <td>25 to 50 Years</td> <td>40%</td> </tr> <tr> <td>51 to 60 Years</td> <td>34%</td> </tr> <tr> <td>62 Years or More</td> <td>24%</td> </tr> <tr> <td>85 Years or More</td> <td>0%</td> </tr> </tbody> </table>	Age Group	Percentage	24 Years or Less	2%	25 to 50 Years	40%	51 to 60 Years	34%	62 Years or More	24%	85 Years or More	0%	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution \$281</p> <p>Average HUD contribution \$491</p>
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<p>What are the income levels of assisted households?</p> <p>Tenants make an average gross income of \$12,009.</p> <p>93% of households earn \$20,000 or less per year</p>	<p>How do household incomes compare to the local area median income?</p> <p>Extremely low income (less than 30% AMI) 86%</p> <p>Very low income (30% to 50% AMI) 13%</p> <p>Low Income (50% to 80% AMI) 1%</p>																							

Some percentage totals not equal to 100 due to rounding.
 Head of household characteristic categories not mutually exclusive.
 Source: HUD PIC and TRACS databases, December 2020 extract.

The *Genworth 2020 Cost of Care Survey* estimates the national average cost of a semi-private room in a nursing home is \$93,075 per year.² Evaluations of the Department of Health and Human Services (HHS) Money Follows the Person (MFP) program have found that lack of available affordable housing is a major barrier to transitioning persons with disabilities to independent living.³ The two most commonly reported challenges in a 2016 report were a dearth of affordable and accessible housing and an insufficient supply of rental vouchers. Under the Americans with Disabilities Act and the Supreme Court’s *Olmstead* decision, States are legally obligated to favor community-based and integrated settings over institutional settings for persons with disabilities. State Medicaid Agencies are making efforts to comply with this mandate through Medicaid home and community-based “waiver” programs administered by the HHS Centers for Medicare and Medicaid Services. They find limited success in achieving this mandate, despite effective Medicaid waiver programs, because the target population cannot afford the cost of market rent in their community. Smart investments in Section 811 supportive housing align with, and complement, State

² Genworth (2018). *Genworth Cost of Care Survey 2018*. Available at: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

³ Coghlin, R., Ward, J., Denny-Brown, N., Hagen, B., Maurer, K., Morris, E., Smoot, J., Steiner, A., Perez, B. (2017). *Money Follows the Person Demonstration: Overview of State Grantee Progress, January to December 2016*. Cambridge MA: Mathematica Policy Research.

efforts to provide home and community-based services for persons with disabilities in independent housing settings, minimizing the need to institutionalize this population.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2020 Budget Authority	2019 Carryover Into 2020	2020 Total Resources	2020 Obligations	2021 Appropriation	2020 Carryover Into 2021	2021 Total Resources	2022 President's Budget
Capital Advance Amendments and PRA (Expansion)	40,000	120,760	160,760	-	54,000	162,170	216,170	80,000
Capital Advance Amendments and Other Expenses	2,000	13,390	15,390	983	2,000	14,072	16,072	2,000
Disabled PRAC/PAC Renewal/Amendment	160,000	55,774	215,774	169,388	171,000	47,386	218,386	190,000
Project Rental Assistance Demonstration (PRAD)	-	1,410	1,410	-	-	-	-	-
Disabled PRAC/PAC Renewal/Amendment (CARES Act)	-	-	15,000	5,180	-	9,820	9,820	-
Total	202,000	191,334	408,334	175,551	227,000	233,448	460,448	272,000

Note: 2020 Carryover into 2021 for Capital Advance and PRA (Expansion) includes \$1.4 million reallocation from PRAD.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2022 President's Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

- Transfers of Assistance, Debt, and Use Restrictions: This provision allows the Secretary to authorize the transfer of some or all project-based assistance, debt held or insured by the Secretary, and statutorily required low-income and very low-income use restrictions if any, associated with one or more obsolete multifamily housing project(s) to a viable multifamily housing project (2022 President's Budget, Sec. 206).
- Management and Disposition of Certain Multifamily Housing Projects: This provision authorizes HUD to provide direction on HUD's management and disposition of certain multifamily housing projects owned by HUD (2022 President's Budget, Sec. 209).

APPROPRIATIONS LANGUAGE

The 2022 President's Budget includes proposed changes in the appropriations language listed below. New language is italicized and language proposed for deletion is bracketed.

For capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), for project rental assistance for supportive housing for persons with disabilities under section 811(d)(2) of such Act, for project assistance contracts pursuant to subsection (h) of section 202 of the Housing Act of 1959, as added by section 205(a) of the Housing and Community Development Amendments of 1978 (Public Law 95-557: 92 Stat. 2090), including

amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 1-year term, for project rental assistance to State housing finance agencies and other appropriate entities as authorized under section 811(b)(3) of the Cranston-Gonzalez National Affordable Housing Act, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, [~~\$227,000,000~~]~~\$272,000,000~~, to remain available until September 30, [2024]2025: *Provided*, That amounts made available under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 811 projects: *Provided further*, That, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 811 project rental assistance contract, and that upon termination of such contract are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to remain available until September 30, [2024]2025: *Provided further*, That amounts deposited in this account pursuant to the previous proviso shall be available in addition to the amounts otherwise provided by this heading for the purposes authorized under this heading: *Provided further*, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be used for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated. (*Department of Housing and Urban Development Appropriations Act, 2021.*)