

# Section 811 Supportive Housing Program

*It's Time for Change!!!*

Ann O'Hara

Technical Assistance Collaborative Inc.

# Section 811: What It Does and How It Works

- Creates supportive housing for people with the most significant and long term disabilities who can benefit from community-based services and supports
- Provides a capital advance AND a long-term Project Rental Assistance Contract to ensure that tenants pay no more than 30% of income towards housing costs
- Funding provided to non-profit organizations through an annual competitive HUD NOFA
- An estimated 28,000 units have been created since 1990

# Section 811 Models

- Single purpose projects
- Small group homes – no more than 8 units
- Independent living rental complexes – no more than 24 units
- Condominiums and cooperatives (very few units produced with this approach)
- Tenant-based rental assistance

# Section 811 Tenant Based Assistance

- Poorly managed by HUD
- Funding has not provided supportive housing and has not gone to Section 811 target population
- HUD “converted” Section 811 funding to Section 8 Mainstream Housing Choice Vouchers for People with Disabilities
- 14,000+ Mainstream vouchers awarded primarily to Public Housing Agencies from 1997-2003
- No tracking system implemented until 2005
- Some vouchers have been provided to people without disabilities
- Renewal costs now \$80+ million – paid for out of Section 811 appropriation

# Legislative History

- Formerly the Section 202 Program for Persons with Disabilities
- Section 811 created in 1990
- Modified to include Tenant Based Rental Assistance in 1992
- Low Income Housing Tax Credit provisions enacted in late 1990s
- Current law is outdated in terms of disability housing policy

# Recent Appropriations and Production Levels

- Appropriations have declined from \$350+ million in mid-1990s to current level of \$237 million (FY'06-FY08)
- \$350 million in 2008 dollars would be \$500 million
- Recent HUD budget proposals would have cut program by 50%
- New units funded annually have declined:
  - 3,000+ in mid-1990s
  - 700+ units in 2006
  - 1,008 in 2007.

# President's FY 2009 Budget Proposal

- Administration requested only \$160 million, a cut of \$77 million
  - \$87 million for Mainstream Voucher renewals
  - \$32 million for PRAC renewals
  - Only \$29 million for new units (less than 300)
  - \$10 million for “mixed finance” demo (same proposal as FY 2008 but no details ever provided by HUD)

# The Section 811 Program is in Trouble!

- Very few units produced at time of greatest need
- Outdated program models
- HUD processing/bureaucracy a huge problem
- Application is expensive and problematic (compare to McKinney-Vento SHP program which produces similar housing)
- Only 140 applications in 2007 – most from Section 811 “experts”

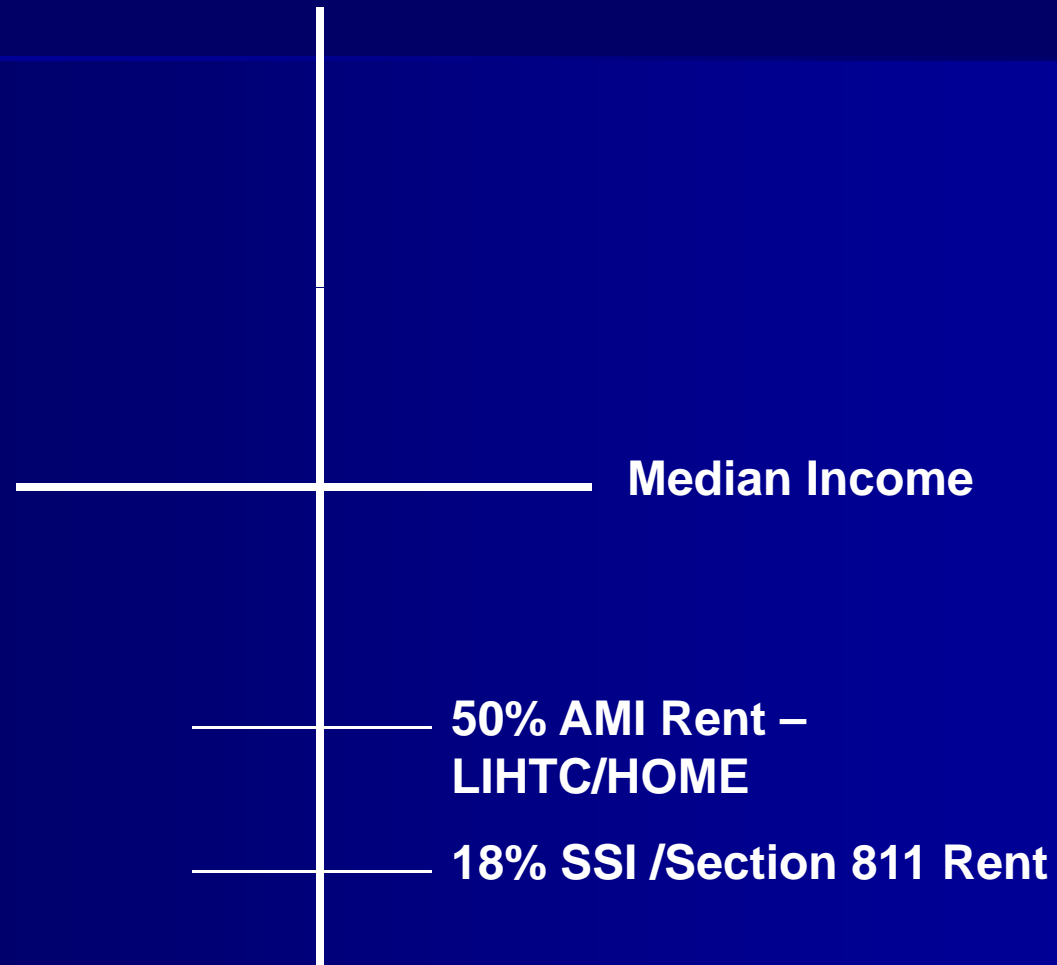
# Key Features of Legislation

- PRAC-Only Demonstration Program
- Improvements to Existing 811 Program
- Shifting renewal of Section 811-funded Mainstream Vouchers to Housing Choice Voucher program appropriation
- Technical changes

# PRAC-Only Demonstration

- Provides the essential project-based rental subsidy to create “deep affordability” in Low Income Housing Tax Credit and HOME-financed rental housing
- Emphasizes small set-asides of supportive housing units within high quality affordable rental housing developments produced routinely by state and local government
- Modeled after successful efforts in North Carolina, Louisiana, and other states and localities
- Systematic links to state Medicaid policies, § Follows the Person grants, Mental Health Transformation initiatives, and state *Olmstead* plans
- Low per-unit cost of PRAC-Only Demonstration would produce 2,500-3,000 new 811 units every year with \$80 million from “shift” of Mainstream vouchers to Section 8 appropriations

# PRAC-Only Rent Structure



# PRAC-Only Approach

- Combine with LIHTC/HOME financed projects through Qualified Allocation Plans and/or Consolidated Plans
- States/localities apply for specific number of 811 PRAC-Only units (e.g. 200 units)
- States/localities create incentives/requirements for developers to include long-term set-asides of Section 811 supportive housing units (pre-development, in construction, completed projects etc.)
- Applications must include systematic linkages to people with Medicaid-financed supportive services
- CCD recommended no more than 25 percent 811 PRAC-Only units in any project
- Examples:
  - 100 unit LIHTC project with 10 Section 811 units owned by for-profit
  - 50 unit LIHTC/HOME project with 12 Section 811 units developed by CDC

# Successful Models

- North Carolina mandates 10% set-aside in every LIHTC project – Over 1,200 units in occupancy or in development
- Average cost of “811-like” rent subsidy is \$225-250 per month or \$3,000 per year
- Average cost of current Section 811 unit is \$100,000+ in capital plus PRAC of \$400-\$500 per month, or \$5,000-\$6,000 per year
- Other states/localities with similar approach include Louisiana, Pennsylvania, City of Boston, Illinois
- Many states/localities interested in this cost-effective approach

# Improvements to Existing Program

- Goals – create more units, more integrated units, more efficiently
- Improve incentives to leverage affordable housing funding
- Eliminate barriers to “mixed finance” Section 811 projects
- Create a new category of “multi-family” Section 811 projects to encourage more integrated approaches – 811 units would not exceed 25% of total units in project
- Streamline Section 811 processing and eliminate unnecessary bureaucratic requirements

# “Shift” Mainstream Funding to HCV Appropriation

- Projected cost of 14,000+ Mainstream Vouchers in 2009 estimated at \$87 million for FY 2009
- Costs will only increase in future years
- Vouchers would remain permanently set-aside for people with disabilities in HCV program
- Permanently addresses significant problems with this flawed program (no monitoring, little tracking, people without disabilities receiving this assistance, etc.)
- Frees up significant funding for Section 811 PRAC-Only Demonstration Program