

# Section 811 Supportive Housing for Persons with Disabilities

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**Administering agency:** HUD's Office of Multifamily Housing Programs

**Year program started:** 1992 (previous to this, Section 811 was part of the Section 202 Program)

**Number of persons/households served:** est. 30,000 households

**Population targeted:** Persons ages 16-61 who have significant and long-term disabilities

**FY14 funding:** \$17 million

**See also:** *Olmstead Implementation*

The Section 811 Supportive Housing for Persons with Disabilities is a federal program that assists the lowest income people with the most significant and long-term disabilities to live independently in the community by providing affordable housing linked with voluntary services and supports. Congress passed major reforms to the Section 811 program in 2010. The reforms will create thousands of new, highly integrated Section 811 units more efficiently, beginning with an innovative and competitive Section 811 Demonstration program made available by HUD through state housing agencies in FY12. The demonstration is intended to identify, stimulate, and support innovative state-level partnerships and strategies to substantially increase integrated permanent supportive housing opportunities. Two thirds of the states submitted applications, a very high response rate for the first year of an innovative supportive housing funding approach.

## HISTORY

Over the past two decades, the Section 811 program created more than 30,000 new supportive housing units, primarily through the development of group homes and independent living projects, under regulations and guidelines developed in the early 1990s. Since that time, judicial decisions have affirmed important community integration mandates in the Americans with Disabilities Act, and disability housing and services policies have evolved significantly to emphasize consumer choice, Medicaid-financed community-based services, and integrated housing opportunities. For many years, the Section 811 program did not keep pace with these improvements in disability policy. Demand for the program steadily declined while the cost per unit from Section 811's capital-intensive model increased. In 2007, with less than 1,000 new units of Section 811 housing produced annually, national disability advocates began a successful three-year legislative campaign to reform, improve, and reinvigorate this important permanent supportive housing program. The Frank Melville Supportive Housing Investment Act - the Section 811 reform legislation signed into law by President Barack Obama in early 2011 - honors the memory of Frank Melville, who was the first chair of the Melville Charitable Trust and a national leader in the supportive housing movement.

## PROGRAM SUMMARY

Group homes and independent living complexes are authorized within the reformed Section 811 program. However, the program includes two new approaches to creating integrated permanent supportive housing: the Modernized Capital Advance/Project Rental Assistance Contract (PRAC) multi-family option, and the Project Rental Assistance (PRA) option. Both options require that properties receiving Section 811 assistance limit the total number of units with permanent supportive housing use restrictions to 25% or less. As Congress directed that all FY 12, FY13, and FY14 funding for new Section 811 units be provided solely through the PRA option, the remainder of this article focuses on that option. Advocates seeking additional information about the other Section 811 options are directed to HUD's web page at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/progdesc/disab811](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/disab811)

Section 811's new PRA option facilitates the creation of cost effective and integrated supportive housing units in multifamily affordable housing properties without using Section 811 Capital Advance funding (which traditionally provided interest-free capital advances to nonprofit sponsors to help finance the development of "single-purpose" rental properties that had to remain available to very low income people with disabilities for 40 years). The PRA option commits Section 811 project rental assistance funding to a small percentage

(up to 25%) of units in new or existing affordable housing developments created through other programs, such as the federal Low Income Housing Tax Credit program, the HOME program, or similar capital financing programs. Owners of PRA units must agree to a 30-year use restriction.

Section 811 PRA funds are awarded by HUD to state housing agencies through a competitive Notice of Funding Availability (NOFA) process. To apply for Section 811 PRA funds, the state housing agency is required to enter into an agreement with the state health and human services agency and, if separate, the state's Medicaid agency. The agreement must identify the target population to be assisted, the outreach and referral process for the Section 811 PRA units, and commitments of appropriate supportive services for Section 811 PRA tenants. The state housing agency application must also describe the policies in place to select the units that will receive PRA funds, such as policies in a state's Qualified Allocation Plan for federal Low Income Housing Tax Credits or a state's Consolidated Plan. The state housing agency is not required to identify the specific properties that will include PRA units at the time the PRA application is submitted to HUD.

The Section 811 program is solely targeted to non-elderly people with disabilities (ages 18-61 at the time of admission) who can benefit from supportive housing and have very low income, at or below 50% of area median income (AMI). The Section 811 PRA option is further restricted to non-elderly people with disabilities with extremely low incomes, at or below 30% of AMI.

The Section 811 program ensures housing affordability for people with disabilities with the lowest incomes living in supportive housing units by: (1) ensuring that tenants pay no more than 30% of their adjusted income for rent; and, (2) providing a long-term operating subsidy contract from HUD to cover those housing operating costs (i.e., property insurance, maintenance and repairs, owner-paid utilities, replacement reserves, etc.) which cannot be covered by tenant rents.

The revitalized Section 811 program is intended to stimulate a continuous, systematic, and state-oriented approach to the creation of integrated supportive housing units. These Section 811 reforms are promoting a national expansion of integrated supportive housing by fostering partnerships among state housing and health and human service agencies to leverage mainstream affordable housing, Medicaid and related community-based support services resources, and to ensure people with disabilities most in need can access these new supportive housing opportunities.

The reformed Section 811 program: (1) provides a strong statutory foundation for community integration, tenancy rights, and voluntary services and supports in permanent supportive housing, including service programs that emphasize personal autonomy and choice; (2) authorizes new program options consistent with these goals; and, (3) adopts new project selection criteria to leverage other sources of affordable housing development capital. This last policy substantially lowers the cost of creating a Section 811 unit, and helps fund more units from Section 811 appropriations. Most importantly, Section 811's new program options provide people with disabilities who can benefit from permanent supportive housing the opportunity to live in affordable rental properties alongside people who do not have disabilities.

## **FUNDING**

On May 12, 2012, HUD published the first Section 811 Project Rental Assistance NOFA, announcing a demonstration to create an estimated 2,800 new integrated supportive housing units. By the August 7, 2012 deadline, HUD had received applications from 35 states and District of Columbia. In February 2013, HUD announced PRA demonstration awards totaling \$98 million for the development of 3,530 units to the state housing finance agencies in California, Delaware, Georgia, Illinois, Louisiana, Massachusetts, Maryland, Minnesota, Montana, North Carolina, Pennsylvania, Texas, and Washington.

On March 4, 2014, HUD released a FY13 NOFA for \$120 million, combining funds from FY13 and FY14 appropriations as well as other funding. Applications are due on May 5, 2014.

The Administration's proposed FY15 budget amount for Section 811 program is \$160 million, an increase of \$34 million over FY14 (enacted) funding. Of the \$160 million, approximately \$25 million would be made available for new Section 811 PRA units.

## **FORECAST FOR 2015**

National disability advocates have requested \$235 million for FY15 which includes \$100 million for expansion of the Section 811 PRA Program to address the critical need for community-based, affordable PSH for persons with significant disabilities and build on HUD's successful implementation of the new PRA model. This request is in-line with the amounts HUD made available in their FY12 and FY13 PRA NOFAs. Affordable housing advocates are encouraged to support this request.

## **TIPS FOR LOCAL SUCCESS**

Advocates in states receiving Section 811 PRA funds from the FY12 competition should work with state officials to support the implementation of the demonstration. Advocates in states that did not apply for funds in FY12 should educate state and local agencies and organizations on the new PRA option to encourage a successful application for funds in future rounds. At the state level, activities should focus on state housing agencies, state Medicaid and state health and human service agencies. Nonprofit and for-profit developers that frequently use federal Low Income Housing Tax Credit and HOME funds should also be made aware of this new opportunity to assist people with disabilities. The PRA option is modeled after successful, innovative integrated supportive housing initiatives underway in several states, including North Carolina, Louisiana, Illinois, Pennsylvania, and Massachusetts. Efforts in these states have resulted in thousands of new and integrated permanent supportive housing units being created by nonprofit and for-profit affordable housing developers.

## **WHAT TO SAY TO LEGISLATORS**

Advocates are encouraged to contact Members of Congress with the message that people with disabilities continue to be the poorest people in the nation. Nearly five million non-elderly adults with significant and long-term disabilities have Supplemental Security Income (SSI) levels equal to only 19% of AMI and cannot afford housing in the community without federal housing assistance. Because of this housing crisis, the most vulnerable people with disabilities often live unnecessarily in costly nursing homes, in seriously substandard facilities which may violate the ADA, or they may become chronically homeless. National disability advocates have requested \$100 million for expansion of the Section 811 PRA Program in FY15. Affordable housing advocates are encouraged to support this request. These funds will provide states with the flexibility to create new and more cost-effective permanent supportive housing options to help highly vulnerable people with disabilities live successfully in the community with supports, while also reducing reliance on expensive and unnecessary restrictive settings.

## **FOR MORE INFORMATION**

Technical Assistance Collaborative (TAC), 617-266-5657, <http://811resourcecenter.tacinc.org>, [www.tacinc.org](http://www.tacinc.org)