

HOUSING
HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)
2012 Summary Statement and Initiatives
(Dollars in Thousands)

HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2010 Appropriation	\$300,000 ^{a/}	\$173,995	...	\$473,995	\$215,595	\$325,758
2011 CR	300,000	255,006	...	555,006	303,136	315,649
2012 Request	<u>196,000</u>	<u>251,870</u>	...	<u>447,870</u>	<u>264,909</u>	<u>289,313</u>
Program Improvements/Offsets	-104,000	-3,136	...	-107,136	-38,227	-26,336

a/ The fiscal year 2010 Appropriation includes a \$3 million transfer to the Transformation Initiative (TI). These amounts are excluded from obligations and outlays but reflected in the Transformation Initiative account.

Summary Statements

The Department requests \$196 million for Housing for Persons with Disabilities (Section 811) in fiscal year 2012. This request is a \$104 million decrease from the fiscal year 2010 enacted, but also re-proposes to shift funding and responsibility for the Mainstream Vouchers program to the Tenant Based rental Assistance program. The Housing for Persons with Disabilities program provides capital advances and rental assistance to non-profit sponsors to construct and operate housing for very low-income people with disabilities, such as those with physical disabilities, developmental disabilities, and chronic mental illness. Persons with disabilities often have unique needs that are best served through affordable housing that offers connections to supportive services. Housing funded through Section 811 ensures that disabled persons access needed services while living independently in integrated community-based settings thereby minimizing the need for much more costly public investments into institutional settings. Over 30,000 units for persons with disabilities have been produced to date through the Section 811 program. However, there are still approximately one million very low-income renter households in the United States that include nonelderly persons with disabilities with worst case housing needs, either as a result of a severe rent burden or as a consequence of living in substandard housing. Section 811 is the only federal program that provides capital and operating assistance to expressly address the significant housing shortfall for this population.

In fiscal year 2012, HUD will work to modernize the Section 811 program to better align with best practices in the field and to ensure greater program benefits commensurate with the investment of federal funds. In recent years, the Section 811 program has primarily funded group homes of six persons or less or condominium units that are part of a scattered site living facility. However, building off the enactment of the Frank Melville Supportive Housing Investment Act, Public Law 111-374, and through HUD's overall reform efforts, including legislative reform proposals, HUD will work to better align Section 811 with mainstream affordable housing investments, particularly as part of mixed-income, mixed-population developments, and to better align with State-level supportive housing priorities. In particular, in fiscal year 2012, HUD will implement a new authority, provided by the Melville Act that allows HUD to delegate awarding and processing of Section 811 operating assistance grants (PRAC-only assistance) to state governments that demonstrate a strong working partnership between their state housing and human services agencies. By increasingly integrating Section 811 funded units into affordable multifamily housing financed from other sources, not only are disabled persons offered a better quality of life through integrated housing, but the number of persons with disabilities assisted by the Section 811

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program can effectively be increased. Of course, the model of integration in multifamily housing is not appropriate for all disabled populations, so HUD still intends to provide funding for group homes, independent living facilities, and condominium projects. Regardless of the specific type of housing supported under Section 811, HUD is working to better ensure that Section 811 program funds are awarded to higher capacity sponsors who have projects that are lined up and ready to go. Taken together, these reforms will: 1) create and sustain more affordable units at a lower initial cost than in previous years; 2) streamline and modernize the program to reduce administrative processing and increase the likelihood of units successfully being completed under a shorter timeframe; and 3) ensure that new housing serves as a platform for persons with disabilities to live independently in integrated community-based settings.

Program Relationship to Strategic Plan Goals and Subgoals:

Strategic Plan Goal 2. Meet the Need for Quality Affordable Rental Homes

The Housing for Persons with Disabilities program provides funding to expand the supply of supportive housing for very low-income people with disabilities, and provides the rental assistance needed to ensure those units are affordable to households served by the program. Tenants are typically required to pay 30 percent of their adjusted gross income toward the monthly rent, and HUD pays the balance thereof.

Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs

Where a person living with disabilities could be at-risk of homelessness, this program provides that individual with housing which is especially designed for persons living with disabilities and rental assistance.

Subgoal 2B: Expand the supply of affordable rental homes where they are most needed

The Section 811 program has helped develop an inventory of over 30,000 units. These units represent income-targeted affordable housing units for persons with disabilities.

Subgoal 2C: Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes

Through operating subsidy and amendment, funding HUD preserves the inventory of Section 811 units for persons with disabilities.

Subgoal 2D: Expand families' choices of affordable rental homes located in a broad range of communities

Increasingly, HUD will fund Section 811 units that are integrated in affordable multifamily housing, providing persons with disabilities with new options for living in a integrated settings.

Strategic Plan Goal 3: Utilize Housing as a Platform for Improving Quality of Life

Section 811 housing is affordable high-quality housing which improves the health and overall living environment for persons with disabilities.

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Subgoal 3B: Utilize HUD assistance to improve health outcomes

This is an aspirational goal that recognizes that stable affordable housing can improve health outcomes through increased access to health services, co-location with or near health services, and better integration with Medicaid/Medicare and Neighborhood Health Center Services programs.

Subgoal 3C: Utilize HUD assistance to increase economic security and self-sufficiency

This is an aspirational goal that recognizes that stable affordable housing and improved access to public benefit programs can increase economic security and self-sufficiency.

Subgoal 3D: Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless

Section 811 is a highly income-targeted program that provides quality affordable housing and facilitates access to an array of supportive services, thereby improving stability and reducing the risk of homelessness.

Subgoal 3E: Utilize HUD assistance to improve public safety

This is an aspirational goal. As with all HUD rental assistance programs, Section 811 aims to improve the safety and perception of safety of residents through the strategic design of physical environment, maintenance of facilities, and promotion of safety awareness.

Strategic Plan Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination

Subgoal 4B: Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse

Section 811 produces quality affordable housing, and the program has increasingly promoted “green building technology,” as well as location-efficient and energy-efficient development practices.

Subgoal 4C: Ensure open, diverse, and equitable communities

Through the incorporation of Section 811 units in larger multifamily housing developments, people with disabilities are provided an affordable housing option that is both suited to their specific needs and available in an integrated community setting.

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HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)
Summary of Resources by Program
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2010 Budget Authority</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2010 Obligations</u>	<u>2011 CR</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2012 Request</u>
Disabled (Capital Advance and PRAC)	\$161,000	\$170,411	\$331,411	\$80,951	\$164,000	\$250,081	\$414,081	\$111,204
Disabled PRAC Renewal/Amendment	48,900	1,310	50,210	49,408	48,900	793	49,693	84,796
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	87,100	2,274	89,374	85,236	87,100	4,132	91,232	...
Transformation Initiative	<u>3,000</u>	<u>...</u>	<u>3,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	300,000	173,995	473,995	215,595	300,000	255,006	555,006	196,000

NOTE: A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts listed under the 2011 CR column reflect total funding of \$300 million and do not reflect anticipated 2011 PRAC (\$66.1 million) renewal and amendment funding needed to maintain all units.

<u>FTE</u>	<u>2010 Actual</u>	<u>2011 Estimate</u>	<u>2012 Estimate</u>
Headquarters	14	14	14
Field	<u>124</u>	<u>121</u>	<u>126</u>
Total	138	135	140

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Program Offsets
(Dollars in Thousands)**

Disabled (Capital Advance and PRAC)	<u>Amount</u>
2010 Appropriation	\$161,000
2011 CR	164,000
2012 Request	<u>111,204</u>
Program Improvements/Offsets	-52,796

Disabled (Capital Advance and PRAC)	<u>Units</u>
2010 Appropriation.....	997 ^{a/}
2011 CR.....	681 ^{b/}
2012 Request.....	<u>577^{c/}</u>
Program Improvements/Offsets.....	-785

- a/ Unit estimate for fiscal year 2010.
- b/ Unit estimate for fiscal year 2011.
- c/ Unit estimate for fiscal year 2012.

Proposed Actions

For fiscal year 2012, the Department requests \$111.2 million for new capital advance and Project Rental Assistance Contract (PRAC) awards for the Housing for Persons with Disabilities program which was authorized by Section 811 of the Cranston-Gonzales National Affordable Housing Act to provide eligible non-profit organizations with new capital advances and associated PRAC. Funding necessary for inspections, property disposition and amendments to prior year awards are included in this category. Under recently enacted Frank Melville Supportive Housing Act (Public Law 111-374), funds in this category may also be allocated to state governments for award and processing of PRAC-only assistance for multifamily housing developed and operated by non-profit sponsors.

The proposed funding continues to support housing options for persons with disabilities. The program adds to the cumulative efforts of providing high quality housing assistance choices to low- and very low-income persons with disabilities and to provide models of successful disabled housing assistance in this area.

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Program Offsets
(Dollars in Thousands)**

Disabled PRAC Renewal/Amendment	<u>Amount</u>
2010 Appropriation	\$48,900
2011 CR	48,900
2012 Request	<u>84,796</u>
Program Improvements/Offsets	+35,896

Disabled (PRAC Renewal)	<u>Units</u>
2010 Appropriation	11,110 ^{a/}
2011 CR	13,918 ^{b/}
2012 Request	<u>15,936^{c/}</u>
Program Improvements/Offsets	+2,018

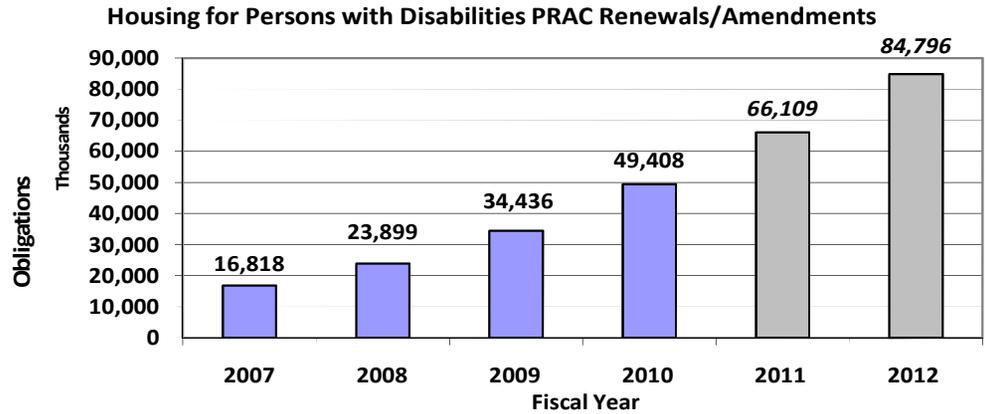
^{a/} Actual units for fiscal year 2010.
^{b/} Unit estimate for fiscal year 2011.
^{c/} Unit estimate for fiscal year 2012.

Proposed Actions

The Department requests \$84.8 million in fiscal year 2012 to support Project Rental Assistance Contracts (PRAC) Renewals/Amendments for approximately 15,936 units. As new units are awarded through this program and initial PRAC contracts are depleted, the number of units and funds needed for PRAC renewals and amendments continually grows. Initial PRAC contracts are funded for 3 years, and Renewal contracts are funded annually. PRAC funds are used to cover the difference between the HUD-approved expense to operate the project and the tenants' payment for rent (generally based on 30 percent of adjusted income). Amendments are provided for PRAC contracts that are not due for a renewal but have exhausted available PRAC funding due to reasonably incurred operating expense obligations. These contracts are funded until their anniversary or expiration date.

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The following chart shows the amount of PRAC Renewal/Amendment obligations incurred since fiscal year 2007.



The chart illustrates the growth in the additional amount of budget authority needed annually to maintain operating assistance for Section 811 projects. As new projects and units come out of the construction pipeline and initial PRACs are depleted, this budget authority requirement will continue to grow with a similar trend. The fiscal year 2012 estimate reflects an analysis of subsidy balances on currently active PRAC contracts that are expected to require renewal or amendment.

NOTE: The fiscal years 2011 and 2012 obligations are estimates.

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Program Offsets
(Dollars in Thousands)**

PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	<u>Amount</u>
2010 Appropriation	\$87,100
2011 CR	87,100
2012 Request	<u>...</u>
Program Improvements/Offsets	-87,100

PIH Renewal of Mainstream Vouchers (Tenant-Based)	<u>Units</u>
2010 Appropriation	13,980
2011 CR	14,811
2012 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

As proposed in the 2011 Budget, the 2012 Budget re-proposes to fund the Mainstream Vouchers Program under the Tenant-Based Rental Assistance Account. An explanatory statement is presented in the Tenant-Based Rental Assistance justification.

NOTE: Although the 2011 Budget proposed shifting fiscal responsibility of the Mainstream Voucher program to the Tenant-Based Rental Assistance account, under a full-year continuing resolution in 2011 (P.L. 111-242, as amended), it is assumed that funding for Mainstream Vouchers will continue to be provided through the Section 811 account, and all such vouchers will be renewed.

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Program Offsets
(Dollars in Thousands)**

Transformation Initiative	<u>Amount</u>
2010 Appropriation	\$3,000
2011 CR .....	...
2012 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

In fiscal year 2012, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than \$120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

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Appropriations Language**

Below is the italicized appropriations language for the Housing for Persons with Disabilities program.

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), \$196,000,000, to remain available until September 30, 2015: Provided, That amounts for project rental assistance contracts are to remain available through fiscal year 2025 for the liquidation of valid obligations incurred: Provided further, That the Secretary may amend and renew funding for expiring contracts for project rental assistance under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act for up to a 1-year term: Provided further, That the Secretary may waive the provisions of section 811 governing the terms and conditions of project rental assistance, except that the initial contract term for such assistance shall not exceed 5 years in duration: Provided further, That amounts made available under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 811 Capital Advance Projects.

Changes from the 2010 Appropriations

As proposed in the 2011 President's Budget, and consistent with the recently enacted Frank Melville Supportive Housing Act, the Department re-proposes to fund the Mainstream Voucher program in the Tenant-Based Rental Assistance Account. The appropriations language for the Mainstream Voucher program has been deleted from the Housing for Persons with Disabilities appropriations language. Also, the Department proposes a technical revision to the language used to provide 10 years for the liquidation of obligations for project rental assistance contracts. The Account Closure Statute (31 U.S.C. 1552) requires that all remaining funds (whether obligated or unobligated) be cancelled 5 years after the period of availability for obligation for an account ends. The proposed language continues to provide extended disbursement authority of 10 years, but to simplify accounting procedures, the language is modified to provide disbursement authority through fiscal year 2025, rather than from the date of fund obligation.

Housing for Persons with Disabilities (Section 811)

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Crosswalk of 2010 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Disabled (Capital Advance and PRAC) .	\$161,000	...	...	...	\$170,411	\$331,411
Disabled PRAC Renewal/Amendment	48,900	...	...	...	1,310	50,210
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	87,100	2,274	89,374
Transformation Initiative	<u>3,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>3,000</u>
Total	300,000	173,995	473,995

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**HOUSING
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Crosswalk of 2011 Changes
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Disabled (Capital Advance and PRAC) .	...	\$164,000	...	...	\$250,081	\$414,081
Disabled PRAC Renewal/Amendment	\$89,137	48,900	...	...	793	49,693
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based) .....	...	87,100	...	...	4,132	91,232
Transformation Initiative	<u>900</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	90,037	300,000	...	...	255,006	555,006

NOTE: The 2011 President's Budget primarily requested funding for PRAC Renewal and Amendments, but requested the flexibility to utilize Section 811 funding as needed for a limited number of new awards. The 2011 Request is shown above as PRAC Renewal and Amendment funding.