

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	Net Outlays
2022 Appropriation	352,000	151,162	-	503,162	189,656	220,549
2023 Appropriation	360,000	314,001	-	674,001	243,000	360,000
2024 President's Budget	356,000	436,001	-	792,001	282,000	372,000
Change from 2023	(4,000)	122,000	-	118,000	39,000	12,000

a/ 2022 Carryover amount includes \$148 million in carryover and \$3 million in collections.

b/ 2023 Carryover amount includes an estimated \$312.8 million in carryover and \$1.2 million in estimated recaptures and collections.

c/ 2024 Carryover amount includes an estimated \$431 million in carryover and \$5 million in estimated recaptures and collections.

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. Additionally, the Section 811 Project Rental Assistance (PRA) program provides funding to State Housing Finance Agencies (HFAs) for project-based rental operating assistance for extremely low-income persons with disabilities. The primary purpose of the Section 811 PRA Program is to identify, stimulate, and support innovative State-level strategies that will transform and increase housing for extremely low-income persons with disabilities while making available appropriate support and services. HFAs contract with individual owners to provide long-term rental assistance to eligible persons with disabilities.

BUDGET OVERVIEW

The 2024 President's Budget requests \$356 million for the Housing for Persons with Disabilities account, which is \$4 million less than the 2023 enacted level. This includes:

- \$207 million for Project Rental Assistance Contract (PRAC), Project Assistance Contract (PAC), and State Project Rental Assistance (State PRA) renewals and amendments.
- \$148 million for Capital Advance and Project Rental Assistance to increase the supply of affordable, community-based housing for persons with disabilities.
- \$1 million for administrative and other related expenses.

In addition, to support HUD's focus on climate resilience, Section 811 property owners that seek to improve their properties may be eligible to receive grants or loans under the forthcoming Green and Resilient Retrofit (GRRP) program funded by the Inflation Reduction Act.

This program aligns with HUD 2022-2026 Strategic Objectives 2A: *Increase the Supply of Housing* and 4C: *Integrate Healthcare and Housing*.

JUSTIFICATION

PRAC/PAC/PRA Renewals and Amendments - \$207 million

The 2024 Budget provides \$207 million for PRAC, PAC, and PRA renewals and amendments to support affordable rental homes for very low-income persons with disabilities. When combined with anticipated carryover, the requested amount will fully fund the approximately 31,249 units under the 2,770 contracts requiring renewal or amendment from January through December 2024.

Increases in gross needs for Section 811 PRAC/PAC/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. For 2024, HUD estimates Section 811 program subsidy inflation at approximately 4.5 percent. During 2024, about 420 existing PRAC units will renew or require amendment funds for the first time.

Section 811 PRA promotes vital collaboration between stakeholders to promote connections between housing and services for persons with disabilities. Section 811 PRA requires cooperation between State Housing Finance Agencies (HFAs) and State Medicaid Agencies to build institutional capacity in participating States so States can provide integrated housing in communities.

Capital Advance and Project Rental Assistance - \$148 million

The requested funding will support approximately 1,200 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 PRA awards to State HFAs, as well as other eligible entities.

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: 2021 Report to Congress* showed that 1.045 million renter households with worst case needs included one or more non-elderly person with disabilities.¹ People with disabilities often require accessible housing in addition to supportive services to live independently and avoid institutionalization. Finding housing that accommodates these needs is very challenging.

Capital Advance Amendments and Other Expenses - \$1 million

The Budget provides up to \$1 million for administrative and other related expenses. It does not fund inspections, as it did in prior years. Instead, all inspection funds will come from a single account, OPERA.

The Operational Performance Evaluation and Risk Assessments (OPERA) account is proposed in the Budget for the inspection and assessment of rental assistance programs. This new account, previously funded under the Financial and Physical Assessment set-aside within the Public Housing

¹ HUD (2021). *Worst Case Housing Needs: 2021 Report to Congress*. Available at: <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>

Fund and accounts within the Office of Housing, streamlines the Real Estate Assessment Center (REAC) operations into a centrally funded account that performs inspections, evaluations, and assessments across HUD's housing programs. This centrally funded account will enhance the quality and capabilities of these services to ensure that millions of residents reside in housing that is healthy, safe, and operated at a high level.

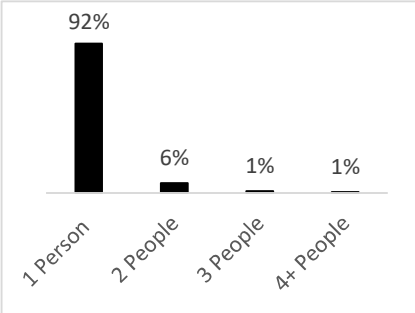
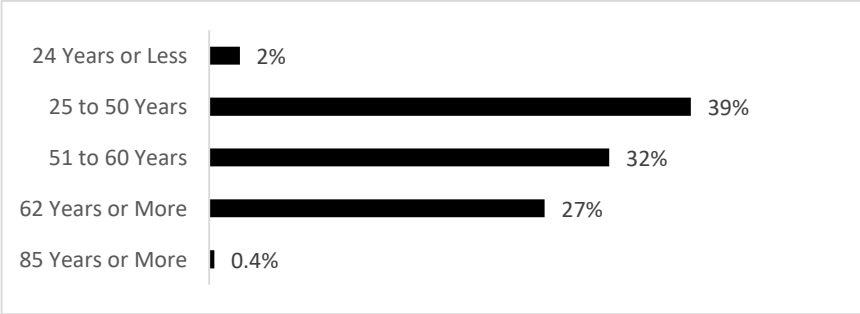
Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

The *Genworth 2021 Cost of Care Survey* estimates the national average cost of a semi-private room in a nursing home is \$94,896 per year.² Evaluations of the Department of Health and Human Services (HHS) Money Follows the Person (MFP) program have found that the lack of available affordable housing is a major barrier to transitioning persons with disabilities to independent living. The evaluation concluded that the two most common challenges were a dearth of affordable and accessible housing and an insufficient supply of rental vouchers.³ 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 services 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 efforts to provide home and community-based services for persons with disabilities in independent housing settings, minimizing the need to institutionalize this population.

² Genworth (2021). *Genworth Cost of Care Survey 2021*. 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.

Q2 2023 Section 811 Tenant Characteristics

<p>How many households and people are served?</p> <p>34 thousand people</p> <p>31 thousand households</p>	<p>What are the racial characteristics of the tenants?</p> <p style="text-align: center;">This program serves a diverse population: 42% of residents are in a minority group.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;"><i>Asian/ Pacific Islander</i></th> <th style="text-align: center;"><i>Black, non- Hispanic</i></th> <th style="text-align: center;"><i>Hispanic</i></th> <th style="text-align: center;"><i>Native American</i></th> <th style="text-align: center;"><i>White, non- Hispanic</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2%</td> <td style="text-align: center;">29%</td> <td style="text-align: center;">9%</td> <td style="text-align: center;">1%</td> <td style="text-align: center;">58%</td> </tr> </tbody> </table>	<i>Asian/ Pacific Islander</i>	<i>Black, non- Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White, non- Hispanic</i>	2%	29%	9%	1%	58%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 3%</p> <p>Elderly 27%</p> <p>Non-elderly disabled 72%</p>												
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<p>How big are the households?</p>  <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <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>1%</td> </tr> </tbody> </table>	Household Size	Percentage	1 Person	92%	2 People	6%	3 People	1%	4+ People	1%	<p>How old are the heads of household?</p>  <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <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>39%</td> </tr> <tr> <td>51 to 60 Years</td> <td>32%</td> </tr> <tr> <td>62 Years or More</td> <td>27%</td> </tr> <tr> <td>85 Years or More</td> <td>0.4%</td> </tr> </tbody> </table>	Age Group	Percentage	24 Years or Less	2%	25 to 50 Years	39%	51 to 60 Years	32%	62 Years or More	27%	85 Years or More	0.4%	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution: \$305</p> <p>Average HUD contribution: \$523</p>
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<p>What are the income levels of assisted households?</p> <p style="text-align: center;">Tenants make an average gross income of \$12,948. 90% of households earn \$20,000 or less per year</p>	<p>How do household incomes compare to the local area median income?</p> <table style="width: 100%; margin-top: 10px;"> <tbody> <tr> <td>Extremely low income (less than 30% AMI)</td> <td style="text-align: right;">86%</td> </tr> <tr> <td>Very low income (30% to 50% AMI)</td> <td style="text-align: right;">13%</td> </tr> <tr> <td>Low Income (50% to 80% AMI)</td> <td style="text-align: right;">1%</td> </tr> </tbody> </table>		Extremely low income (less than 30% AMI)	86%	Very low income (30% to 50% AMI)	13%	Low Income (50% to 80% AMI)	1%																
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Note: Some percentage totals not equal to 100 due to rounding.
Source: HUD PIC and TRACS databases, December 2022 extract.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2022 Budget Authority	2021 Carryover Into 2022	2022 Total Resources	2022 Obligations	2023 Appropriation	2022 Carryover Into 2023	2023 Total Resources	2024 President's Budget
Disabled PRAC/PAC/PRA Renewal/Amendment	190,000	39,227	229,227	187,149	209,000	64,650	273,650	207,000
Capital Advance and PRA (Expansion)	160,000	94,012	254,012	1,794	148,300	232,294	380,594	148,000
Capital Advance Amendments and Other Expenses	2,000	9,064	11,064	-	2,700	8,911	11,611	1,000
Disabled PRAC/PAC/PRA Renewal/Amendment (CARES Act)	-	8,859	8,859	713	-	8,146	8,146	-
Total	352,000	151,162	503,162	189,656	360,000	314,001	674,001	356,000

a/ Table may not reflect complete resources as compared to the 2024 Budget Appendix due to rounding

b/ 2022 Carryover into 2023 reflects the reallocation between Capital Advance and PRA (Expansion) and Disabled PRAC/PAC/PRA Renewal/Amendment as reflected in the 2023 Operating Plan.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President's Budget includes the following:

OPERA: Deletes language for the Real Estate Assessment Center (REAC) and transfers this activity to the centrally funded Operational Performance and Risk Assessments (OPERA) account. The OPERA account is proposed to streamline operations that perform inspections, evaluations, and assessments across HUD's housing programs.

Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

General Provisions

The 2024 President's Budget re-proposes the following general provision that was enacted in the 2023 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. (Sec.206)

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- Triennial Recertification: The Budget reflects the planned submission of authorizing legislation to allow public housing agencies (PHAs) and property owners to verify the income

of families living in assisted housing every three years instead of annually, as the statute currently requires.

- Modification to Rent Increase Procedures for 811 Capital Advance Projects: Allow use of an operating cost adjustment factor to annually adjust operating rents for Section 811 projects as an alternative to budget-based rent increases. The provision would incorporate factor-based rent adjustment into annual rent-setting practices, similar to what is now permitted for Section 8 contracts. The factors for PRACs would vary slightly from current OCAFs in that they would more closely reflect the distribution of operating costs for the PRAC portfolio. This change would allow for significant administrative streamlining, reduce delays in routine rent adjustments, and reduce the potential for variability in budget forecasts. Rents would be updated based on analysis of actual expenditures and proposed costs at least every 5th year. This was included in the 2023 President's Budget.

APPROPRIATIONS LANGUAGE

The 2024 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 5-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, [\$360,000,000]*\$356,000,000*, to remain available until September 30, [2026] *2027*: 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, [2026] *2027*: Provided further, That amounts deposited in this account pursuant to the preceding 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, 2023*.)