



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

Testimony of

Ann O'Hara

Consortium for Citizens with Disabilities Housing Task Force

regarding the

Frank Melville Supportive Housing Investment Act of 2008 (HR 5772)

before the

Committee on Financial Services

Subcommittee on Housing and Community Opportunity

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My name is Ann O'Hara and I am pleased to provide testimony on HR 5772 – the Frank Melville Supportive Housing Investment Act of 2008 – which will enact important new policies and reforms to U.S. Department of Housing and Urban Development (HUD) Section 811 Supportive Housing for Persons with Disabilities program.

The Consortium for Citizens with Disabilities (CCD) is a coalition of national disability organizations working together to advocate for national public policy that ensures the self determination, independence, empowerment, integration and inclusion of children and adults with disabilities in all aspects of society. The CCD has established a Housing Task Force to focus on the housing needs of people with disabilities, including those with very low incomes – the group with the highest incidence of worst case housing needs in the United States. Among the organizations in the CCD Housing Task Force are United Spinal Association, the National Alliance on Mental Illness, United Cerebral Palsy, The Arc of the United States, Lutheran Services in America, the American Network of Community Options and Resources (ANCOR), the National Disability Rights Network, and the American Association of People with Disabilities.

The CCD Housing Task Force strongly supports HR 5772 – an important effort to modernize and reform the Section 811 program. This legislation is essential to revitalize and improve a Section 811 program that has many problems and now produces only 1,000 or fewer units each year. The current Section 811 program is inefficient, plagued with bureaucratic “red tape”, and -- most importantly -- no longer reflects the housing needs and choices of many people with disabilities.

This legislation – which will begin a new era in the Section 811 program – is an extremely important piece of legislation for the disability community because it will signal a renewed federal commitment to address the enormous and unrelenting housing crisis faced by millions of extremely low income people with disabilities. People with serious and long term disabilities – including the vast majority of the four million non-elderly adults living on federal Supplemental Security Income of \$632 per month¹ – have the greatest unmet need for housing assistance of any group in the United States.

Unfortunately, recent HUD *Worst Case Needs* reports to Congress – which assesses the needs of very low income renters – had flaws in the methodology used to assess the needs of people with disabilities. The CCD responded by doing its own study (authored by a highly respected retired HUD researcher who developed HUD's Worst Case needs reports until 2003) that found between 1.3 and 1.4 million very low income disabled households without children were paying more than 50 percent of their income towards housing costs.¹

¹ The CCD study used data from two sources in its study. The first source, the Annual Housing Survey (AHS) is the data source which HUD has used for many years to estimate Worst Case needs. The CCD study also took advantage of more accurate and detailed data now available from the American Community Survey. HUD has not yet taken advantage of the American Community Survey data to produce Worst Case estimates. As a result, HUD did not accept the CCD study's estimates. However, HUD did agree that their initial estimates regarding people with disabilities were flawed. HUD recently released a new – and much higher estimate – on their website.

In addition to current renters who could benefit from supportive housing, there are millions of other people with disabilities not counted in HUD's worst case needs reports who need supportive housing created through the Section 811 program including:

- Adults with developmental disabilities who remain at home with aging parents and who will need community based supportive housing in the future;
- People who remain unnecessarily in expensive nursing homes or government institutions simply because there is not enough decent affordable housing linked with community supports that meet their needs;
- People with all types of disabilities who have no choice except to live in Board and Care-type facilities where they may share a room with others, hand over 90 percent of their monthly SSI check to the facility, and lack the basic rights and privileges that people living in their own apartments take for granted. Many of these facilities are substandard and simply warehouse people who have no where else to go. They do not provide good housing, or good care, or the opportunity for people with disabilities to live a normal life in the community.
- People with mobility impairments and/or other complex medical needs who need fully accessible housing with special architectural features and/or equipment in order to live in the community.

In 1999, the U.S. Supreme Court handed down its landmark *Olmstead* decision affirming the civil right of a person with even the most serious and long-term disability to live in the most integrated setting possible in the community. Across the United States today, people with disabilities and their families and advocates, as well as state human services agencies, and community-based service providers are struggling – unsuccessfully – to create the supportive housing necessary to fulfill the promise of community integration articulated in the Americans with Disabilities Act.

The sole purpose of the Section 811 program is to create this kind of housing – deeply affordable and accessible permanent rental housing linked with community-based services and supports that people with disabilities want. It is – in fact – the only federal program authorized to achieve this critically important federal housing policy objective. That is why this legislation is so important.

Current federal, state and local efforts to achieve the promise of community integration – including U.S. Department of Health and Human Services (HHS) *Money Follows the Person* grants and *Real Choice System Change* grants provided to more than 35 states – are stalled because of the critical shortage of affordable and accessible housing resources, particularly the long-term housing operating subsidy provided by the Section 811 program. Important Medicaid reforms to expand self-directed services and promote rehabilitation and recovery for people with disabilities are not working because people with SSI-level incomes cannot afford modest rental housing in any community in the United Statesⁱⁱ.

HR 5772 will “fast-track” and create a sustainable “pipeline” of thousands of new permanent supportive housing units every year through the following policies:

Authorizing a new and innovative Section 811 Project Rental Assistance Contract (PRAC) Demonstration program – This policy is designed to include integrated supportive

housing units in federal Low Income Housing Tax Credit (LIHTC) and HOME funded properties that also provide housing for people without disabilities. The PRAC Demonstration program will provide the essential rental subsidy needed to reduce rents in these types of rental housing developments. This policy will help ensure that a significant percentage of the hundreds of thousands units that are routinely created every year through the LIHTC and HOME programs are dedicated to providing supportive housing for people most in need of housing assistance.

Reforming the existing Section 811 Capital Advance/PRAC program – These reforms will help leverage other capital funding for Section 811 production and reduce barriers to “mixed-finance” Section 811 projects. These reforms will also increase the number of units created each year through the current 811 production program and help non-profit Section 811 sponsors to create integrated housing that includes units for people with disabilities as well as units for other households that need affordable housing;

Shifting fiscal responsibility for the Section 811-funded Mainstream Housing Choice Voucher program to the Section 8 budget – The Mainstream Voucher program converts precious Section 811 appropriation funding into Section 8 Housing Choice Voucher funding which HUD provides primarily to Public Housing Agencies (PHAs). These 811 funds pay for approximately 14,000 Section 8 Housing Choice Vouchers that may – or may not – be assisting people with disabilities. This ill-conceived approach initiated by HUD in 1997 has been a failed policy since its inception. Although funded and renewed from 811 appropriations, these Mainstream Housing Choice Vouchers have never created new permanent supportive housing units, are not targeted to people with the most serious and long-term disabilities, and – because of poor HUD oversight and monitoring – may be assisting non-disabled households. These vouchers now cost over \$85 million every year – more than one-third of the entire Section 811 appropriation.

While the Mainstream Voucher program certainly helping thousands of very low income people with disabilities obtain decent and affordable housing, we must emphasize that this program did not accomplish anything that the Section 8 Housing Choice Voucher cannot do. It is clear that there is only one good solution to fix this troubled program. HR 5772 will enact policies that will: (1) continue to permanently set-aside these rental subsidies for people with disabilities as Congress intended; and (2) authorize that these vouchers be permanently funded through the Housing Choice Voucher program.

Streamlining Section 811 processing requirements and removing out-dated regulatory barriers – Others invited to testify today will provide you with more than enough information on the “red tape”, multi-year delays in project development, and the excessive bureaucracy that characterizes the current Section 811 program. The Section 811 statute has remained virtually the same for the past 16 years – and the bureaucracy that surrounds the program reflects the way HUD did business many years ago. HUD has another supportive housing program – the McKinney-Vento Supportive Housing Program (SHP)– that is very similar to Section 811 in that it also provides capital for supportive housing development and an operating subsidy to ensure affordability. Unlike Section 811, however, the SHP program has a simple application, a more streamlined development process, and about 90% less bureaucracy. It is extremely important that when HR 5772 is enacted, Congress send a powerful message to HUD that the 450+ pages of Section 811 guidance, rules, and

regulations be completely replaced by a reasonable set of regulations and policies that protect the federal government's investment as well as the people with disabilities who will live in the housing. Certainly that can be done in 50 pages or less.

The CCD is confident that this new legislation will work. At least 8-10 State Housing Agencies have already expressed interest in the PRAC Demonstration program model and the legislation was only filed 2 months ago. Non-profits that have worked with the Section 811 program for years have also expressed their support for the improvements that HR 5772 includes. In fact, most current Section 811 program sponsors have declined to apply for new funding for Section 811 in recent years – not because the housing is not needed but because the program is so difficult to work with. In the last Section 811 competition, HUD only received approximately 140 Section 811 applications – a fraction of the typical demand 5 years ago. Because of the limited funding available, fewer than 100 of these projects received a Section 811 grant award.

Conclusion

Time is running out on the Section 811 program while the need to create new permanent supportive housing units has never been greater. In FY 2007, only 1000 new Section 811 units were awarded and without new legislation, that number of new units will soon fall below 500 per year. Enacting HR 5772 is also critical because the basic Section 811 model – which for 30+ years has produced small group homes and single population independently living facilities – no longer responds to the housing needs and choices of most people with disabilities who prefer to live in housing that is truly integrated within local communities.

By enacting this legislation, Congress can ensure that a reinvigorated Section 811 program is ready to create thousands of new permanent supportive housing units every year without needing to double or triple appropriation levels. The removal of many bureaucratic barriers which cause protracted delays in 811 construction will also produce new units more efficiently. Shifting renewal costs associated with the seriously flawed 811-funded Mainstream Housing Choice Voucher program – which has drained funding away from essential permanent supportive housing production since 1997 – is long-overdue.

Finally, enacting HR 5772 is important because it honors a very humble man – Frank Melville – who was the first Chair of the Melville Charitable Trust and whose commitment to people with disabilities and people who are homeless led to the creation of more than 100,000 units of affordable housing for people with disabilities. It is only fitting that the next 100,000 units produced should be financed by legislation that bears his name.

TAC and the CCD Housing Task Force look forward to working with Congress and with Section 811 stakeholders across the nation to ensure that this essential and critically needed legislation is enacted as soon as possible.

ⁱ The national average SSI payment for people living independently published in the TAC/CCD Priced Out in 2006 study of rents and SSI.

ⁱⁱ The Priced Out in 2006 study found that national average rents for modestly priced studio and one-bedroom apartments exceed the entire monthly income of people with disabilities who rely solely on SSI payments