

# Housing Toolkit



## **A Housing Toolkit:**

Information to help the public mental health community meet the housing needs of people with mental illnesses.

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# HOUSING TOOLKIT



**NASMHPD**



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## **A Housing Toolkit: Information to help the public mental health community meet the housing needs of people with mental illnesses.**

Obtaining independent housing with access to services in the community is a primary goal and value shared by people with mental illnesses. Having one's own home — whether it is an apartment, a furnished room, or a house — is the cornerstone of independence for people. When a person has a decent, safe, and affordable home, he or she has the opportunity to become part of the community. With stable permanent housing, people with mental illnesses are able to achieve other important life goals, including improved health, education, job training, and employment.

Unfortunately, access to affordable housing for people with mental illnesses is becoming increasingly difficult. Not only has the gap between income and housing costs grown, but also the existing supply of affordable housing has been reduced due to federal housing policies. And as the availability of affordable housing decreases, the complexity of creating housing increases. Public mental health agencies and the mental health community in general face the challenge of ensuring that people with mental illnesses have access to safe, affordable, independent housing as housing resources become less available and more difficult to access and use.

The evolution of housing for people with mental illnesses has changed how that housing is financed, developed, and designed. Over the past few years there have been significant changes in how affordable housing is funded and in the resources available to communities to create affordable housing. Many communities face extremely tight housing markets, increasing homelessness, and decreasing public support for programs to address these crises. As such, public mental health officials must be aware of these changes and work aggressively to create housing options.

Creating decent, affordable housing for individuals with mental illnesses and their families requires a commitment on the part of public mental health authorities, housing officials, service providers, families, and consumers of mental health services.

There is no one model of housing that will meet the needs and preferences of all people with mental illnesses. However, quality housing for these people must ensure that they have affordable, decent housing of their choice; permanent housing in which they can reside as long as they choose and as long as they meet tenant obligations; and a flexible and responsive system of community support services that can help them maintain independence and a positive quality of life in the community.

This tool kit provides guidance and hands-on information to public mental health agencies, housing officials, service providers, and families and individuals with mental illnesses who are interested in expanding housing opportunities for people with mental illnesses. The 15 fact sheets provide detailed information about resources available to finance the creation of new housing and new ways to think about housing options. In addition there are four background briefs to provide a framework for assessing housing

needs and housing solutions. These materials are organized so that they can be reviewed as a whole for overall knowledge about housing or individually for information about specific funding programs or housing types.

We encourage you to share this information with staff of public mental health authorities, other local and state housing officials, service providers, and families and consumers of mental health services.

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## Housing Needs

In recent years, the need for public mental health officials to take an active role in creating housing opportunities for consumers has escalated as housing needs have increased, housing markets have tightened, and housing resources have become less available. In addition to these pressures, people with mental illnesses are increasingly advocating for more independent models of housing, away from service-controlled housing. This shift has put greater responsibility on the public mental health system to design creative housing solutions and to develop partnerships with affordable housing funders and providers.

Without quality, affordable housing, many people with disabilities live on the streets, in homeless shelters, or in inaccessible or substandard housing. For others, the lack of permanent housing results in their remaining in inappropriate institutional settings. These “alternatives” to housing are often more expensive to operate. To create new responses to the housing needs of people with mental illnesses, those involved must understand what these needs are and why they are escalating.

### *Disparity between Rents and Income*

Throughout the 1990s and into the new millennium, the cost of housing in most communities in the country has increased dramatically. For many, this reflected an economic boom during which incomes grew substantially. Unfortunately, this economic boom passed over many people with mental illnesses, who continue to have extremely low incomes. For a majority of low-income people with mental illnesses, their source of income is either Supplemental Security Insurance (SSI) benefits or wages from non-regular employment, often at minimum wages.

The Technical Assistance Collaborative (TAC) and Consortium for Citizens with Disabilities (CCD) Housing Task Force’s *Priced Out in 2000: The Housing Crisis Continues* documents that, nationwide, people with disabilities receiving SSI benefits had incomes equal to 18.5 percent of the median income. This figure has remained somewhat constant with SSI levels increasing less than four percent between 1998 and 2000. During this same period, however, housing prices increased at a rate almost double that of SSI levels. This increasing disparity between income and rents led to people with disabilities, including those with mental illnesses, losing more “buying power” in the rental housing market during the past two years and continuing to be the low-income group with the highest levels of unmet need for housing assistance in the United States.

*Priced Out in 2000* documents that:

- People with disabilities continued to be the poorest people in the nation. As a national average, SSI benefits in 2000 were equal to only 18.5 percent of the one-person median household income and fell below 20 percent of median income for the first time in over a decade.

- In 2000, people with disabilities receiving SSI benefits needed to pay – on a national average – 98 percent of their SSI check to rent a modest one-bedroom unit at the published HUD Fair Market Rent (FMR). HUD publishes the Fair Market Rents annually for each county and for each standard metropolitan statistical area, primary metropolitan statistical area, and non-metropolitan area in the United States. These rent limits are based on the cost of modest rental housing and are calculated annually by HUD for use in the Section 8 Housing Choice Voucher program. A housing unit at the fair market rent is meant to be modest, not luxurious, and to cost less than the typical unit of that bedroom size in that city or county.
- Cost-of-living adjustments to SSI benefit levels have not kept pace with the increasing cost of rental housing. Between 1998 and 2000, rental-housing costs rose almost twice as much as the income of people with disabilities.
- In 2000, there was not one single housing market in the country where a person with a disability receiving SSI benefits could afford to rent a modest efficiency or one-bedroom unit.
- Housing wage data from the National Low Income Housing Coalition shows that people with disabilities receiving SSI benefits needed to triple their income to be able to afford a decent one-bedroom unit. On average, SSI benefits were equal to an hourly rate of \$3.23, only one-third of the National Low Income Housing Coalition's housing wage, and almost \$2 below the federal minimum wage.

Over the years, the growing gap between income and housing costs has resulted in an increased number of people with mental illnesses who either cannot afford their housing and have lost it or who hold onto their housing by foregoing other essentials such as food, health care, and clothing. **To help people with mental illnesses find and maintain housing, the public mental health system must identify ways to support consumers so that they can cover the cost of housing.**

### **Loss of Affordable Housing Units**

For many people with mental illnesses, the federal government had been the primary source of funding of affordable, independent housing either through units operated by public housing agencies or apartments located in privately owned, federally assisted buildings. Nationwide, there currently are approximately 500,000 studio and one-bedroom public-housing units owned by public-housing agencies and subsidized by HUD. There are also more than 500,000 efficiency and one-bedroom units in privately owned, HUD-assisted developments. These one million housing units are affordable to the lowest-income people with disabilities because, generally, tenants are required to pay only 30 percent of their income for rent and utilities while HUD subsidizes the balance.

However, beginning with the Housing and Community Development Act of 1992, owners of these properties were given permission to greatly restrict or completely prohibit non-elderly people with disabilities from moving into these properties. These federal policies are often referred to as “elderly only designation.”

To date, 68,500 public housing units have been designated as “elderly only” and are no longer available to non-elderly people with disabilities. On average, 9,153 units of public housing have been designated as elderly only each year since 1992. Based on this rate of designation, as many as 54,000 more units of public housing may be designated “elderly only” from 2001 through 2005.

In addition to the loss of public-housing units, the privately owned, federally assisted units have also been lost to people with disabilities as a result of these “elderly only” federal policies. According to a HUD-funded study and a U.S. General Accounting Office (GAO) report, it appears certain that between 200,000 and 225,000 units of HUD-assisted housing are no longer available to people with disabilities, including people with serious mental illnesses. Together, those units already unavailable to non-elderly people with disabilities and those projected to be lost will result in as many as 300,000 units of affordable housing no longer accessible to low-income people with mental illnesses, thus creating a housing crisis to which the public mental health system must respond.

### **Increased Responsibility of States to Provide Housing**

In its 1999 decision in *Olmstead v. L.C.*, the U.S. Supreme Court affirmed that – under the Americans with Disabilities Act (ADA) – it is a violation of an individual's civil rights to deprive him or her of the opportunity to live in integrated community settings. For most people with disabilities and their housing advocates, this means permanent and affordable housing of their choice.

The court explained that unjustified isolation was a form of discrimination and in violation of the Americans with Disabilities Act (ADA). It reflected two judgments:

*First, institutional placement of persons who can handle and benefit from community settings perpetuates unwarranted assumptions that persons so isolated are incapable or unworthy of participating in community life. Second, confinement in an institution severely diminishes the everyday life activities of individuals, including family relations, social contacts, work options, economic independence, educational advancement, and cultural enrichment.*

Although the Supreme Court did not use the word *housing* in its decision, it does identify terms such as *community placements* and *less-restrictive settings*. For people with disabilities, including many people with mental illnesses ready for discharge from institutions, these terms can mean affordable housing of their choice in communities of their choice, including apartments, condominiums, and even single-family homes. As a result of the *Olmstead* decision, states are determining if current policies and practices in their service-delivery systems are in compliance with the ADA. **This presents an ideal opportunity for public mental health officials to ensure that affordable housing is a key component of these state policies and practices.**

### **Increased Demand for Independent Housing**

The permanent, supportive housing model has evolved over the past two decades to better meet the needs and preferences of tenants. Changes include a clearer focus on housing as a person's home, not as a treatment setting; providing people with a choice in their housing; giving participants the rights and responsibilities of tenancy; and helping individuals receive services tailored to each person's needs. Consumers of mental health services and their families are increasingly advocating for independent, community-based housing in lieu of institutional settings, facilities, or large group homes. It is no longer acceptable to have service provisions control housing placements. **As a result of this new awareness and heightened advocacy, the public mental health system faces increased pressure to create more acceptable and desirable models of housing and to dismantle outdated housing systems.**

As the mental health system shifts from service-controlled models to more independent options, the mechanisms available to finance and support housing must also change and include renovating and reconfiguring buildings.

### **Additional Resources:**

Publications:

*Priced Out in 2000: The Crisis Continues.* Technical Assistance Collaborative & CCD HTF. [www.tacinc.org](http://www.tacinc.org)

*Opening Doors: Housing Crisis Continues: Findings from Priced Out in 2000* Issue 14, June 2001, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: The Olmstead Decision and Housing: Opportunity Knocks* Issue 12, December 2000, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: What's Wrong With This Picture? An Update on the Impact of Elderly Only Housing Policies on People with Disabilities* Issue 15, September 2001, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Out of Reach 2001: America's Growing Wage-Rent Disparity.* National Low Income Housing Coalition. [www.nlihc.org](http://www.nlihc.org)

# Essential Components of Housing

No one model of housing meets the needs of all people with mental illnesses, but three fundamental components the public mental health system should incorporate in any housing option are affordability, independence, and accessibility. With proper planning, these three components can be achieved through an array of housing types and programs.

## Affordability

Housing must be affordable to people with serious mental illnesses. Ideally, tenants should not have to pay more than 30 percent of their income for housing costs. Ideally, an individual receiving a monthly SSI benefit of \$512 should pay no more than \$154 per month toward rent (30 percent of \$512). When tenants are required to pay a greater percentage of their income for rent, they often have to forego other critical needs such as health care, food, and clothing. Because many people with mental illnesses have extremely low-incomes, meeting housing costs is only possible with additional financial assistance, usually government-funded rental assistance or rental subsidies.

## Independence

Independence is less tangible than affordability, but equally important. One component of independence is that people *choose* their housing, including its location and model. Independent housing provides occupants with a clear sense of their rights, including rights of tenancy. Tenants should be provided leases or occupancy agreements that clearly outline fundamental tenant rights and responsibilities. Independent permanent housing should not be directly tied to services; it should enable the participant to keep the provision of services distinct from the housing. In independent housing, occupants enjoy privacy, the ability to determine who enters their home, and when they have guests.

## Accessibility

Housing must meet a range of accessibility needs. First, people with mental illnesses who also have physical disabilities must live in units that are physically accessible and modified to meet their special needs. These modifications may include wheelchair-accessible features such as ramps, wide doorways, lower cabinets, and roll-in showers. For those with hearing or visual impairments, an accessible unit may include assistive technologies such as blinking lights, alarms, or other appropriate features.

In addition to physical accessibility, it is important to recognize the importance of access to needed services such as healthcare providers and community amenities such as supermarkets. Because many people with mental illnesses do not drive cars, housing must be close to needed services or public transportation so that they do not have to rely on other people for transportation.

## **Types of Housing**

Housing for people with mental illnesses can look like many different types of housing. In fact, it is important for the public mental health system to provide a range of housing options to meet the different needs and preferences of its consumers. However, although all housing may not be the same, all housing should meet the three fundamental criteria: affordability, accessibility, and independence.

All housing can be viewed in terms of duration, location, ownership, and size.

- ❑ Duration: housing can be permanent or transitional.
- ❑ Location: housing can be either “building-specific ” or “scattered site.”
- ❑ Ownership: housing can be either “rented” or “owned.”
- ❑ Size: housing can be a single-room-occupancy (SRO) unit, a self-contained studio, a one-bedroom apartment, or a multi-bedroom apartment.

### **Duration: Permanent or transitional**

#### **Permanent Housing**

Permanent-housing programs are those that provide homes to individuals and families to live in for as long as they want to live there and as long as they meet their obligations as tenants. Tenants enjoy the right to privacy. Ideally, if services are provided, the services are separate from the housing.

*An example of a permanent housing program: a public mental health commission provides resources to consumers to rent apartments in the community. Consumers pay 30 percent of their incomes for rent, and the public mental health commission provides rental subsidies to pay the difference between the tenant payment and the rent charged by the landlord for each apartment. There are no services provided at the units, and services are not a requirement for access to the rental subsidy. Consumers enter into annual leases with the landlords.*

#### **Transitional Housing**

Transitional housing, on the other hand, is designed to provide services to help consumers gain the skills, stability, and resources they need to move to and succeed in permanent housing. By its nature, transitional housing has a defined time limit that should be reasonable and appropriate for the needs of the residents. For example, HUD-funded transitional-housing programs have a maximum stay of 24 months.

Some transitional-housing programs provide participants with the rights of tenancy. Others may require tenants to participate in services and adhere to rules in addition to standard tenant requirements. Although services are often required as a condition of transitional housing, the programs should be designed to respect an individual's rights to independence and privacy. If leases are not used, tenants should have occupancy agreements that outline their rights and responsibilities in transitional housing.

*An example of a transitional housing program: A nonprofit organization receives funding from a mental health commission to operate a five-person group home. The program has an on-site case manager, and consumers receive both individual and group counseling from other agency staff. On average, consumers stay in the program for 12 to 18 months, but no longer than 24 months. The agency provides housing-search and stabilization services to consumers to help them move into permanent housing.*

**Location: Building-specific and scattered-site housing**

**Building-specific Housing**

Building-specific housing programs involve units located in identified buildings. Private landlords, nonprofit organizations, or public entities can own these buildings. In a building-specific program, the public mental health commission or nonprofit service agency identifies a building or development, then helps consumers rent there. This program often involves purchasing and developing the building or partnering with a private-housing developer. If occupants of these building-specific programs move out, the program moves another consumer into the same unit in that same development.

Advantages of a building-specific program are:

- greater control over the quality and condition of units; and
- opportunity to retain units for consumers.

Disadvantages of a sited program are:

- the stigma of being “disability housing”;
- residents’ loss of anonymity; and
- difficulty separating services and housing services.

A public mental health system can design a building-specific program two ways: as *mixed-population housing* or as *single-purpose-population housing*. In mixed-population housing, tenants represent several groups, including people with mental illnesses. The development may include some units for groups such as people with mental illnesses, the elderly, low-income individuals and families, and moderate- or middle-income individuals and families. This integrated-housing model has gained in popularity because people with disabilities overwhelmingly want to live in integrated housing in the community and avoid the stigma of living in housing exclusively for people with certain disabilities.

*An example of a mixed-population housing program: A local nonprofit organization and the public mental health authority partner with a private-housing developer. The developer buys and renovates a twenty-unit apartment building. Through the partnership, the developer agrees to set aside five of the units in the building for people living with mental illnesses. A mixture of low- and moderate-income individuals and families occupies the other fifteen units.*

A public mental health commission may also develop single-purpose/-population housing in which the building is not integrated. Instead, people with mental illnesses occupy all the units. Under some circumstances, developing a building exclusively for people with mental illnesses is a viable option, often when the available housing stock will support this model and still enable residents to become part of the larger community. For some people, living in a building with other people with mental illnesses may offer the best opportunity to receive the services they need to live independently, and single-purpose settings can offer some the opportunity to live in a community setting and receive peer support, encouragement, and assistance to enhance their quality of life. Although not permanent housing, these single-purpose housing programs often function as transitional-housing programs and offer residents an opportunity to receive the services and skills they need to move, when they are ready, to more integrated, permanent housing.

It is critical that residents have privacy and independence while in single-purpose housing, which are possible if they have their own apartments and do not have to share facilities; if services are not provided on-site; and if the development is kept small.

*An example of a single-purpose housing program: A public mental health commission enters into a long-term lease on a five-unit apartment building. The units are a mix of studio and one-bedroom apartments. Four consumers move into four of the units and sign leases with the public mental health commission. The fifth unit is reserved for staff use and limited on-site services.*

### **Scattered-site Housing**

Scattered-site housing refers to a program that supports individuals who live in apartments throughout a community. Scattered-site housing helps people with mental illnesses achieve the level of independence they seek. Through a scattered-site housing program, consumers may find their own apartments in the community, negotiate rent and lease terms, and move in. (This model is often called tenant-based, scattered-site housing.) Sometimes a nonprofit organization or a public mental health commission plays a more active role by locating and contracting for the apartments, then subletting the units to consumers. (This model is called sponsor-based, scattered-site housing.)

A successful scattered-site housing program can address many obstacles that prevent or discourage the creation of building-specific programs. Their advantages include:

- short start-up and implementation phase because acquisition and construction are not needed;

- use of existing apartments;
- tenant choice of where to live;
- greater tenant privacy and confidentiality; and
- services separated from housing.

Obstacles faced by scattered-site housing include:

- difficulty locating available apartments;
- lack of long-term rights to apartments; and
- discrimination by landlords.

*An example of a scattered-site housing program: A public mental health commission obtains tenant-based rental subsidies for consumers. Consumers locate available apartments, negotiate leases, and move into units of their choice. Consumers pay 30 percent of their incomes toward rent, and the rental subsidy pays the difference. The public mental health commission provides services to consumers who request assistance with housing search, stabilization, and case management.*

### **Ownership: Rent or Own**

Ideally, the spectrum of housing options for people with mental illnesses should include rental housing and homeownership. In rental housing, occupants can lease units in a variety of properties: single-family homes, small apartment buildings, or multi-family developments. However, people with mental illnesses can also be successful homeowners.

Consumers can purchase single-family homes, condominiums or cooperative apartments, or mobile homes. Barriers to homeownership for people with mental illnesses include extremely low incomes, little or bad credit history, high-cost housing markets, and—often—their income source. By overcoming these barriers, programs can help people with mental illnesses become successful homeowners.

### **Size**

Housing for people with serious mental illnesses must be appropriate to family size and characteristics as well as to individual preferences. An individual may choose to live in a single-room-occupancy (SRO) unit and share a bathroom and/or kitchen with other tenants. This one-room apartment may meet the needs of that individual in terms of physical space, cost, and lifestyle, and he or she may prefer sharing facilities with other tenants. However, another individual may prefer a studio or one-bedroom apartment and choose not to have to share living space with other tenants. A family with several children will likely need a multi-bedroom apartment.

## **Funding**

Whether developing a new building or creating a scattered-site housing program, the program must project costs and identify resources to cover those costs. The key when developing housing for people with mental illnesses is that the housing is for people with low incomes. A successful housing program must obtain sufficient resources to keep the units affordable for these people.

### **What are the costs of creating new housing?**

If the project involves creating new units, development funding is necessary. Development costs are items associated with the acquisition, rehabilitation, and/or new construction of property. Common development costs include the “hard costs” such as purchasing the property, paying the contractor to build or renovate it, and other construction expenses. The “soft costs” include various expenses for consultants such as architects and lawyers; insurance; and operating charges during construction, such as taxes or security, financing fees, and the developer’s fee.

Housing programs that involve development will also require resources to pay for the operating costs, which include heating or air conditioning, maintenance, taxes, utilities, security, painting, and debt service or other loan payments.

A scattered-site housing program also needs an operating budget to identify its costs, such as leasing of units, maintenance of units not covered by the landlords, physical modifications to make the units accessible, tenant move-in costs, and security deposits if covered by the program.

Because that tenants of the housing will likely have low incomes, it is critical that projects identify resources in addition to tenant rents to cover operating expenses. Rental income from tenants is often insufficient to cover operating expenses, which necessitates rental subsidies or an operating grant to ensure that the housing program is viable and remains affordable.

### **What resources are available to fund housing development?**

Affordable housing usually requires a mix of public and private resources. Federal resources, provided either directly to a project or through a state or local government, are commonly used resources. These federal programs include:

- ❑ Shelter Plus Care
- ❑ Supportive Housing Program
- ❑ Section 8 Moderate Rehabilitation SRO (S8SRO)
- ❑ HOME
- ❑ Community Development Block Grant (CDBG)
- ❑ Low Income Housing Tax Credits (LIHTC)

- Section 811
- Section 8

In addition to federal resources, state and local funds are often available to cover some of the costs of these affordable-housing programs. Detailed fact sheets on these programs and how they can be used to fund housing for people with mental illnesses are attached.

## **Fact Sheet 1: Federal Homeless Assistance Funds**

People with mental illnesses are disproportionately represented among the homeless population. Public mental health providers must address the housing needs of homeless people with mental illnesses to help place them in homes. Federal homeless-assistance resources can help the mental health community begin to meet these needs.

Federal homeless-assistance funds were first authorized in 1987 in the Stewart B. McKinney Homeless Assistance Act. One of the many purposes of this act was to authorize funding for homeless-assistance programs administered by federal agencies, including, and most notably, the U.S. Department of Housing and Urban Development (HUD). The act has subsequently been reauthorized under the McKinney/Vento Homeless Assistance Act, and the resources available through it are now collectively referred to as McKinney Homeless Assistance funds. These resources became the foundation of the systems that address the many needs of homeless people across the nation.

In the early years of McKinney funding, public community mental health authorities, nonprofit organizations, cities, states, and other eligible entities applied directly to HUD for these resources. With input from stakeholders throughout the country, in 1994 HUD introduced the Continuum of Care model to encourage communities to address housing and homelessness problems in a more coordinated, comprehensive fashion. Continuum of Care planning encouraged communities to envision, organize, and plan comprehensive, long-term solutions to their problems with homelessness and prompted them to identify and prioritize gaps in the housing and services available for homeless people as well as to develop long-term strategies and action plans to fill the gaps using HUD Homeless Assistance funds and other resources. The strategic planning also formed the basis for a Continuum of Care plan and application to HUD for Homeless Assistance funds. The funds provided through this national competition are available through three HUD programs:

- ❑ Supportive Housing Program (SHP)
- ❑ Shelter Plus Care (S+C)
- ❑ Section 8 Moderate Rehabilitation SRO (S8 SRO)

Dependence on these HUD McKinney Homeless Assistance dollars to fund support services for homeless people has grown. Congress has become increasingly concerned about the use of these funds for services rather than for creating permanent housing. To respond to this concern, in 1999, 2000, and 2001, Congress directed HUD to ensure that at least 30 percent of the McKinney Homeless Assistance funds awarded through the Continuum of Care process be used for permanent housing. Consequently, over the past three years HUD awarded a bonus to the Continuum of Care applications that ranked a new, permanent, supportive-housing project as their first funding priority.

In addition to the emphasis on permanent housing, Congress stipulated in 2001 that any

government entity applying for Homeless Assistance program funds must agree “to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as healthcare facilities, mental health institutions, and jails) to prevent such discharge from immediately resulting in homelessness for such persons.” Congress is concerned that there is little relationship between state health-and-human-service-agency discharge planning and federal policies directing the delivery of housing and services for homeless persons. Public mental health authorities should take active roles in the development of the discharge-planning policy because improvements in discharge planning would reduce homelessness among people with mental illnesses.

The accompanying fact sheets provide detailed information about:

- ❑ Participating in the Continuum of Care Process
- ❑ HUD’s Homeless Assistance Funds
- ❑ McKinney/Vento Eligible Participants Eligibility

## Fact Sheet 2: Participating in the Continuum of Care Process

### What Is the Continuum of Care?

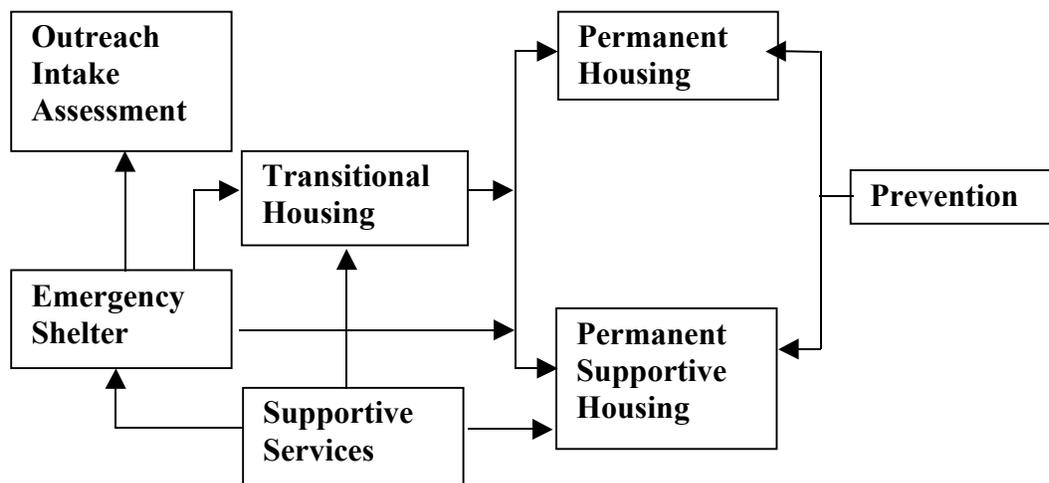
In 1994 HUD introduced the continuum-of-care concept to help communities with their problems of housing and homelessness in a coordinated, comprehensive, and strategic fashion. HUD's goal was for communities to coordinate and integrate their homeless-assistance activities into one cohesive strategy. There are three funding programs available to help communities address their homeless needs: Supportive Housing Program (SHP), Shelter Plus Care (S+C) and Section 8 Moderate Rehabilitation SRO (S8 SRO). To achieve coordination and integration, HUD awards funds for these three programs through one national competition.

HUD's Continuum of Care concept is primarily:

- ❑ a strategic plan to address homelessness in a community;
- ❑ a community-wide process that addresses homelessness year-round through ongoing planning and implementation of efforts; and
- ❑ an application to HUD for homeless-assistance resources

The components of a Continuum of Care include:

- ❑ outreach, intake, and assessment;
- ❑ emergency shelter;
- ❑ transitional housing;
- ❑ supportive services;
- ❑ permanent supportive housing;
- ❑ permanent housing; and
- ❑ homelessness prevention.



Communities are expected to develop these Continuum of Care components to meet the immediate needs of homeless individuals and families for shelter and services and to help these people move on to long-term goals, which are permanent housing and independent living or permanent supportive housing if the participants will require long-term support services.

### **Why the mental health system should participate in the Continuum of Care approach**

Because people with serious mental illnesses are disproportionately represented among the homeless population, public mental health authorities, housing advocates, and consumers must become active in their local and state Continuum of Care programs. Those interested and involved in providing housing for homeless people with mental illnesses can inform the community of its housing needs, help plan how to meet these needs, and seek HUD funds to create needed housing.

Agencies wanting to create housing for homeless people with mental illnesses must become active in the Continuum of Care and demonstrate that any proposed solution is an integral part of the community's continuum. A project must be included in the local Continuum of Care application to receive HUD funds. It is the continuum that will determine if the project is included in the HUD application, the amount of HUD funding requested, and the likelihood of it receiving the funds.

In addition, the needs data collected and gaps analysis completed for the Continuum of Care become part of a community's Consolidated Plan and PHA plan, which identify how other federal housing resources – including HOME, Community Development Block Grant, and Section 8 – are used. These other federal programs can be valuable resources for meeting the affordable-housing needs of people with mental illnesses.

### **How to find out about the Continuum of Care in your community**

HUD does not prescribe which geographic jurisdictions can make up a Continuum of Care community. Rather, communities determine their own geographic boundaries. For example, Continuum of Care communities can be cities or towns, counties, or several cities, towns, or counties that join together. In addition, many states develop a Continuum of Care to address the homeless needs of geographic areas in the state not covered by other Continuum of Care communities. To find out about your Continuum of Care and what agency takes the lead for your community's Continuum of Care process, contact your local HUD office at [www.hud.gov/local/index.cfm](http://www.hud.gov/local/index.cfm). State the geographic area you are interested in and ask what continuum(s) of care cover it. Ask about the lead agency and for contact information. Contact this agency, arrange to attend the next meeting, and request a review copy of the previous application.

## **How to apply for funds**

HUD Homeless Assistance funds are made available each year through an annual competition. The availability of these resources is announced through a notice of funding availability (NOFA), published in the *Federal Register*, which provides details about the application and competition. It is the Continuum of Care that submits the application to HUD and seeks funding to support projects identified by the Continuum of Care as priorities.

There is no set publication date, but generally HUD releases this NOFA in the late winter or early spring, and applications are due 90 to 120 days later. The Continuum of Care planning group prepares the main section of the application (called *Exhibit One*), which describes the planning process, needs for homeless housing and services, the community's strategy for addressing homelessness, and how individual projects are part of the community's strategy. Often a staff person or a consultant hired by the coordinating agency prepares this section while working with the Continuum of Care planning group.

An agency interested in having a project included in its community's Continuum of Care application must work closely with the Continuum of Care process to follow the necessary steps to be considered for inclusion. Each Continuum of Care develops its own process for deciding which projects to include in its Continuum of Care application to HUD. Contact the Continuum of Care coordinator in your community to determine how project applications are submitted and reviewed. Make sure you are included on all relevant mailing lists.

## **Fact Sheet 3: HUD's Homeless Assistance Funds: The Supportive Housing Program**

The Supportive Housing Program (SHP) promotes the development of housing and support services to help homeless individuals and families achieve permanent housing and greater independence.

### **What can be funded through the SHP program?**

Projects requesting SHP funds as part of a Continuum of Care application must be classified as one of the following program components:

- ❑ ***Permanent housing for homeless persons with disabilities.*** SHP funds long-term housing for people with disabilities. Projects are generally community-based housing and support services that help homeless people with disabilities live as independently as possible in a permanent setting. Permanent housing can be provided in one structure, in several structures at one site, or in multiple structures at scattered sites.
- ❑ ***Transitional housing.*** Transitional housing is supportive housing that is a step toward moving homeless people into permanent housing, often within 24 months. Support services may be provided by the applicant or by a collaborating agency.
- ❑ ***Supportive services only.*** Supportive services that are provided separately from transitional or permanent housing projects (case management, housing search, employment assistance, etc.). Services may be offered at a central facility or at scattered sites.
- ❑ ***Safe havens.*** A safe haven is a type of supportive housing in which a structure, or a clearly identifiable portion of a structure, meets the following: 1) serves hard-to-reach homeless people with serious mental illnesses who are on the streets and who have been unable or unwilling to participate in supportive services; 2) provides a 24-hour-a-day residence for an unspecified duration; 3) provides private or semiprivate accommodations; and 4) has overnight occupancy limited to 25 people. A safe haven may also provide supportive services on a drop-in basis to eligible people who are not residents.

### **Who can apply for SHP funds?**

- ❑ States
- ❑ Local governments
- ❑ Public housing agencies (PHAs)
- ❑ Indian tribes
- ❑ Private nonprofit organizations
- ❑ Community mental health associations that are public, nonprofit organizations

## **For what activities or costs can SHP funds be spent?**

The SHP program is a flexible resource that can be used to cover many of the costs of providing housing.

- ❑ Acquisition and rehabilitation. SHP funds can support the acquisition and renovation of buildings for use as transitional or permanent supportive housing, safe havens, and/or supportive-services facilities. The grant limit for acquisition and rehabilitation is between \$200,000 and \$400,000, depending on whether or not the project is located in a high-cost area. Other funding sources must match the HUD SHP funds dollar-for-dollar.
- ❑ New construction of supportive housing (including land acquisition). SHP funds can provide resources to purchase land and construct a new building for use as either transitional or permanent supportive housing. The grant limit is \$400,000, and it requires a dollar-for-dollar match by other funding sources.
- ❑ Supportive services. SHP will fund supportive services provided at a housing program or separately through a services-only project. Eligible supportive services include childcare, employment assistance, health care, case management, substance abuse counseling, and housing counseling. The program requires that 20 percent of the total supportive-services costs be paid for from non-SHP sources.
- ❑ Operating costs of a housing program. SHP resources will cover the operating costs of a transitional or permanent supportive-housing program, including the cost of utilities, taxes, maintenance, and operations staff. The program requires that 25 percent of the operating costs be paid for from non-SHP sources.
- ❑ Leasing costs. SHP funds can be used to either lease separate apartments or an entire building for the purposes of providing housing and/or supportive services. SHP will fund 100 percent of the cost of leasing, although tenant-rent payments or occupancy payments are allowed and usually charged.
- ❑ Administrative expenses. Through the application, projects may request up to 5 percent of SHP funds for project-related administration. If a state or local government is the applicant and it will subcontract to nonprofit organizations, it must share at least 50 percent of the administrative funds with its subcontractors.

## **What are grant terms?**

The Supportive Housing Program grants can be awarded in one-, two-, or three-year terms. Often the decision about the number of funding years requested is made by the whole Continuum of Care.

### **Who are Eligible Participants?**

- ❑ Homeless individuals
- ❑ Homeless families
- ❑ Homeless people with disabilities, for permanent-housing projects

### **Who is eligible under HUD's definition of *homeless*?**

All individuals and families receiving services funded by the SHP program must meet the HUD McKinney homeless criteria. A person is considered homeless only when he/she resides in one of the places described below:

- ❑ In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).
- ❑ In an emergency shelter.
- ❑ In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters.
- ❑ In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution.

Or who:

- ❑ Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

### **Who is eligible under HUD's Disability Definition?**

The permanent housing for the persons-with-disabilities component of the SHP program may only provide housing to homeless persons with a disability. The project must have written documentation from a qualified source that the person has a disability. A person with a disability is defined in section 422 of the Supportive Housing Program Regulations as having a physical, mental or emotional impairment that (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or a development disability; or HIV/AIDS.

## **Fact Sheet 4: HUD's Homeless Assistance Funds: The Shelter Plus Care Program**

The Shelter Plus Care program (S+C) provides rental assistance for permanent housing linked with supportive services for homeless people with disabilities. Emphasis is placed on serving individuals disabled by serious mental illnesses, chronic substance abuse, and/or HIV/AIDS along with their families. Through the S+C program, tenants pay 30 percent of their income toward rent, and the rental subsidy covers the balance. The supportive services made available to program participants must be funded by other sources.

### **Who can apply for Shelter Plus Care funds?**

- ❑ States;
- ❑ Local governments; and
- ❑ Public housing agencies (PHAs)

Although nonprofit agencies and community mental health associations are not eligible applicants, they often work closely with an eligible applicant to create and operate a Shelter Plus Care program. Called program sponsors, these nonprofit agencies coordinate participants' services. Rental assistance may be contracted to other entities, such as nonprofit organizations; however, regardless of the applicant, the rental assistance for S+C/SRO must be administered by a public-housing agency.

### **What types of rental subsidies are available through the S+C program?**

Four types of rental assistance are available through the S+C program.

- ❑ Tenant-based rental assistance (S+C/TBRA). Rental assistance is tied to the tenant, not the housing unit, and it is provided for five years. Participants choose where they live, and the rental assistance stays with them even if they move to different housing. Assisted units may be of any type, from group homes to apartments. S+C programs may require participants to live in a certain geographic area for the duration of their participation in the program (or in a certain building during the participant's first year) if this requirement is necessary to ensure the best use of supportive services.
- ❑ Project-based rental assistance (S+C/PBRA). Rental assistance is linked to a particular structure and awarded for either a five- or a ten-year period (five years without rehabilitation and ten years with rehabilitation). The recipient enters a contract with the housing owner to rent units to S+C participants in exchange for receiving rental-assistance payments. If the tenant moves, he or she does not take the rental assistance; rather, the rental assistance subsidizes the next participant who rents the unit. Assisted units may be of any type, from group homes to apartments.

- ❑ Sponsor-based rental assistance (S+C/SBRA). Rental assistance is provided through a contract with a nonprofit organization, called a “sponsor,” for a term of five years. A sponsor may be a private, nonprofit organization or a community mental health agency established as a public, nonprofit organization. The sponsor uses the rental assistance for housing units it owns or leases. Assisted units may be of any type, from group homes to apartments. If the tenant moves, he or she does not take the rental assistance; the sponsor uses it to assist another eligible individual or family. Usually the sponsor leases the housing and is, in effect, the “tenant” (obligated to comply with tenancy requirements) who sublets the apartment to an eligible participant.
- ❑ Section 8 Moderate Rehabilitation Assistance for Single Room Occupancy dwellings (S+C/SRO). Rental assistance is provided for a term of ten years for single-room-occupancy (SRO) units in need of moderate rehabilitation. SRO units are not required to have individual kitchens and bathrooms, but they may provide them as common facilities. If the tenant moves, he or she does not take the rental assistance; it assists the next participant who rents the unit.

**What are grant terms?**

Rental assistance contracts are for five years. However, under the PBRA and Section 8 S+C/SRO, if rehabilitation is provided, the rental-assistance contract is for ten years. Shelter Plus Care renewals have one-year terms.

**Who are eligible participants?**

- ❑ Homeless individuals with a disability
- ❑ Homeless families with an adult member with a disability

**Who is eligible under HUD’s definition of *homeless*?**

All individuals and families housed through the Shelter Plus Care program must meet the HUD McKinney criteria of homeless.

A person is considered homeless only when he/she resides in one of the places described below:

- ❑ In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).
- ❑ In an emergency shelter.
- ❑ In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters.
- ❑ In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution.

Or

- ❑ Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

**Who is eligible under HUD’s Disability Definition?**

Shelter Plus Care programs may only accept homeless persons with a disability. The grantee must have written verification from a qualified source that the person has a disability.

A person with a disability is defined in 24 CFR Part 582.5 of the Shelter Plus Care Program regulations as having a physical, mental or emotional impairment that (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual’s ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or a developmental disability; or HIV/AIDS.

## **Fact Sheet 5: HUD's Homeless Assistance Funds: The Section 8 Moderate Rehabilitation SRO (S8 SRO)**

The Section 8 Moderate Rehabilitation Single Room Occupancy Dwellings (SRO) program is designed to bring more SRO properties into the local housing supply and to see that those units benefit homeless people. At least 25 percent of the units proposed for assistance must be vacant at the time of application.

### **What are single-room-occupancy dwellings?**

Single-room-occupancy dwellings (SROs) are housing units for single individuals that do not necessarily contain individual kitchens and/or bathrooms, but provide shared facilities. However, through the S8 SRO program, units that meet the definition of SRO or those that are self-contained studio apartments, efficiency units, or one-bedroom apartments can be assisted.

### **Who can apply for the Section 8 SRO program?**

- ❑ Public housing agencies (PHAs)
- ❑ Private, nonprofit organizations (but they are required to subcontract with a PHA to administer the rental-assistance payments)

### **What can be funded through the Section 8 SRO program?**

The Section 8 SRO program is a project-based rental-assistance program. HUD contracts with public-housing agencies (PHAs) to make rental-assistance payments to landlords who complete moderate rehabilitation of their properties and then rent them to homeless individuals. HUD's payments cover the difference between a portion of the tenant's income (usually 30 percent) and the unit's eligible rent.

Rental assistance contracts for the SROs are provided for ten years with an option to renew through the Section 8 program. Property owners are required to perform a minimum of \$3,000 in rehabilitation work per SRO unit (which may include a prorated share of work on common areas or systems). The program does not provide financing for rehabilitation, but allows a portion of the cost of the rehabilitation to be reflected in the rent levels allowed for the units.

### **What are grant terms?**

Assistance is provided for ten years with an option to renew through the Section 8 program.

### **Who are eligible participants?**

Homeless individuals

Existing occupants who meet Section 8 eligibility requirements

### **Who is eligible under HUD's definition of *homeless*?**

A person is considered homeless only when he/she resides in one of the places described below:

- ❑ In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).
- ❑ In an emergency shelter.
- ❑ In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters.
- ❑ In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution.

Or

- ❑ Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- ❑ Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

## Fact Sheet 6: McKinney/Vento Participant Eligibility

The Supportive Housing, Shelter Plus Care, and Section 8 Moderate Rehabilitation SRO programs are designed to move homeless persons from the streets and shelters to permanent housing and maximum self-sufficiency. To receive services funded through the SHP or Shelter Plus Care program, a person must meet HUD's McKinney definition of *homeless*. To be eligible for housing funded through the SHP Permanent Housing for the Disabled component or through the Shelter Plus Care program, an individual must be disabled.

A person is considered homeless only when he/she resides in one of the places described below:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street).
- In an emergency shelter.
- In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters.
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution.

Or

- Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.
- Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

Examples of people who **are not** McKinney homeless are those who are:

- In housing; even though they are paying an excessive amount for their housing, it is substandard, in need of repair, or crowded.
- Currently incarcerated.

- ❑ Living with relatives or friends.
- ❑ Living in a board and care, adult congregate living facility, or similar place.
- ❑ Being discharged from an institution that is required to provide or arrange for housing upon release.
- ❑ Wards of the state, although youth in foster care may receive needed supportive services that supplements, but does not substitute for, the state's assistance.

### **McKinney Disability Definition**

The “permanent housing for persons with disabilities” component of SHP and any Shelter Plus Care Program may only accept homeless persons with a disability. The grantee must have written verification from a qualified source that the person has a disability.

A person with a disability is defined in section 422 of the Supportive Housing Program statute and under 24 CFR Part 582.5 of the Shelter Plus Care Program regulations as having:

- ❑ A physical, mental or emotional impairment that (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions.

*or*

- ❑ a developmental disability as defined in section 6001 of this title.

*or*

- ❑ HIV/AIDS.

### **Additional Resources**

Web sites:

*HUD SHP Desk Guide:*

<http://www.hud.gov/offices/cpd/homeless/library/shp/shpdeskguide/dgintro.cfm>

*Enhancing Shelter Plus Care Operations*

<http://www.hud.gov/offices/cpd/homeless/library/spc/shelterplusguide.PDF>

*Understanding Shelter Plus Care*

<http://www.hud.gov/offices/cpd/homeless/library/spc/understandingspc/index.cfm>

*Understanding SRO*

<http://www.hud.gov/offices/cpd/homeless/library/sro/understandingsro/index.cfm>

Publications:

*How to Be a “Player” in the Continuum of Care: Tools for the Mental Health  
Community.* [www.tacinc.org](http://www.tacinc.org)

*Guide to Continuum of Care Planning and Implementation.* U.S. Department of Housing  
and Urban Development. <http://www.hud.gov/cpd/cont/gcoc.html>

*Continuums of Care for States.*

<http://www.hud.gov/offices/cpd/homeless/library/coc/cocstates.pdf>

## **Fact Sheet 7: Section 8 Housing Choice Voucher Program**

The Section 8 Housing Choice Voucher Program (HCV) is the U.S. Department of Housing and Urban Development's (HUD) major program for assisting low-income families, people with disabilities, and the elderly to rent decent, safe, and sanitary housing in the community. The HCV offers subsidies to low- and very low-income households to bridge the gap between the rents such households can afford and the actual rent charged by the landlords in the private market. The program has two components: tenant-based rental assistance (TBRA) and project-based rental assistance (PRA)

### **What are Section 8 Housing Choice Program vouchers?**

Section 8 Housing Choice Program vouchers are commonly referred to as "tenant-based rental subsidies" because they are given to eligible applicants to use in a private rental-housing market of their choice, but in which the housing meets the Section 8 HCV program requirements. Once a rental unit is selected and approved, the Section 8 HCV program applicant (who then becomes a Section 8 HCV participant) pays a percentage of his or her income (not less than 30 percent) as rent, and the voucher program pays the balance of the rent to the owner.

There were formerly two Section 8 programs: certificates and vouchers. Federal housing law passed in 1998 merged these two programs into one, the Section 8 Housing Choice Voucher Program. All Section 8 subsidies issued after October 1, 1999, became housing-choice vouchers (called simply *vouchers*).

### **How Does Tenant-based Rental Assistance Work?**

A household participating in the Section 8 Housing Choice Voucher program is issued a voucher and is responsible for choosing and finding a suitable rental unit, which may include the unit in which the participant currently is living. Once suitable housing has been located and a lease signed, a rental subsidy is paid directly to the landlord on behalf of the participant. The participant is then responsible for paying the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Section 8 HCV vouchers are "portable," meaning that a person with a voucher may lease a unit anywhere in the country, not just in the specific community in which the subsidy was awarded. However, at times a Section 8 HCV participant may have to live in an identified jurisdiction for a specific amount of time. The ability to move to another community or another state gives people with disabilities many more housing options and the opportunity to relocate.

### **Who Runs the Section 8 Housing Choice Voucher Program?**

The majority of vouchers are administered by local public-housing authorities. Depending on state laws, some states have housing agencies that are also eligible to administer the Section 8 HCV program.

In 1999, nonprofit disability organizations became eligible to administer specific vouchers available through the Section 8 Mainstream Housing for Persons with Disabilities program for persons with disabilities. These nonprofit organizations are required to administer the vouchers in the same manner as PHAs do.

### **What is project-based assistance?**

PHAs can designate up to 20 percent of their total vouchers to be used for specific rental properties. The rental assistance becomes “tied” to the unit within that property. Tenants who meet Section 8 HCV program-eligibility requirements move into the units and pay a percentage of their incomes for rent, and the rental assistance pay the landlord the difference. When the tenant moves out, the subsidy remains with the unit and is available to the next eligible tenant. However, households in units with project-based rental assistance who move after one year may receive the next available Section 8 HCV voucher from the PHA.

No more than 25 percent of the units in a development may receive project-based rental assistance unless the assisted units are for single persons or are rented to elderly or disabled families or families receiving supportive services. The PHA may contract with the property owner to provide project-based assistance for up to ten years (subject to availability of appropriated funds).

### **Can Section 8 Housing Choice Vouchers be targeted to people with serious mental illnesses?**

Since the 1998 Quality Housing and Work Responsibility Act (QHWRA), public housing agencies are no longer required to use the federal preference system, which is a set of criteria defining which applicants on the PHA’s waiting list receive priority to receive the next available voucher. The preference system can include criteria such as disability, homelessness, living in substandard housing, being the victim of a fire, or paying more than 50 percent of income on rent. A PHA, however, may continue to use some or all of these criteria.

### **Who Is Eligible for the Section 8 Housing Choice Voucher Program?**

The PHA is responsible for determining whether a household is eligible for the Section 8 HCV program. Eligibility is based mostly on the income of a household in relation to its size (i.e., number of family members). To be eligible for the Section 8 HCV program a household must:

- ❑ Be very low-income. This means a household's income must be at or below 50 percent of area-wide median income as determined by HUD. Each year, usually in April, HUD publishes the Section 8 income limits for every housing market area across the nation. These income limits are used to determine eligibility for the Section 8 HCV program and can be located on-line at [www.huduser.org/datasets/il.html](http://www.huduser.org/datasets/il.html).

*and*

- ❑ Be a citizen or a non-citizen with "eligible immigration status."

*and*

- ❑ Be in good standing with federal housing programs. Specifically, to be eligible for the Section 8 program, a household must not have:
  - Ø Been evicted from public housing;
  - Ø Been terminated from another Section 8 program for cause;
  - Ø Committed fraud or criminal acts in connection with a federal housing program; or
  - Ø Failed to reimburse a PHA for unpaid rent or damages or currently owe money to a PHA.

In the Section 8 HCV program, a disabled family or disabled household is defined as a household whose head, spouse, or sole member is a person with a disability. This definition may include:

- ❑ A single individual with a disability living alone;
- ❑ A group of persons consisting of two or more unrelated disabled adults living together;
- ❑ One or more unrelated disabled adults living with one or more live-in aides;
- ❑ A related family in which the head of household or spouse is a disabled person; or
- ❑ Two or more related adults with disabilities living together.

It is important to note that for the Section 8 program, a disabled family does not include those households in which a minor child is the only family member with a disability. To qualify as a disabled family, a person with a disability must be an adult member of the household who is considered the head of household or spouse.

### **Are there special vouchers for people with disabilities?**

In addition to PHAs having the authority to create preferences for people with disabilities, there are also special allocations of vouchers specifically for people with disabilities. In the past few years, HUD has made these targeted vouchers available through a competitive application process. The following are targeted Section 8 Housing Choice Voucher programs. (See other fact sheets in this tool kit for more details.)

- The Section 8 Housing Opportunities for Persons with Disabilities (Mainstream Program) allocates vouchers to people with disabilities using a portion of funds from HUD's supportive-housing program for the disabled (Section 811). Nonprofit organizations can apply for resources through this program.

- The Rental Assistance for Non-elderly Persons with Disabilities in Support of Designated Housing Plans (hereafter referred to as designated vouchers) Program provides vouchers for non-elderly people with disabilities who are no longer eligible for HUD-funded developments now designated for elderly tenants only.
- The Section 8 Allocation-Plan vouchers for disabled individuals are available for public-housing authorities to apply for with the submission of an allocation plan that would restrict public-housing developments to elderly-only, disabled-only, or mixed elderly and disabled.
- Fair Share vouchers are conventional Section 8 HCV vouchers (i.e., not targeted to any particular group) awarded by HUD to public housing authorities (PHAs) that apply through a competition. However, as part of the competition, for the past two years PHA applications received more points from HUD if they agreed to use a minimum of 15 percent of their Fair Share vouchers for households with people with disabilities. They also received additional points if they agreed to use at least 3 percent of the vouchers for people with disabilities with Medicaid Home and Community-based waivers.

### **Additional References**

Publications:

*The Section 8 Guidebook* ( February 2002). [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: Affordable Housing in Your Community What You Need to Know! What You Need to Do!* Issue 8, September 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org)

## **Fact Sheet 8: Forming a Partnership with your PHA**

Section 8 Housing Choice vouchers are one of the primary resources for low-income people and are part of one of the few programs that has had increased funding in recent years. Moreover, with new vouchers available specifically for people with disabilities, including people with mental illnesses, and with the opportunity to project-base a number of vouchers, PHAs can help people with mental illnesses find and keep decent, affordable housing.

Unfortunately, many PHAs are either unwilling or unable to take advantage of the new resources and regulations.

Public housing agencies are often be substantially influenced by politics. It is important to influence local politics to increase access to Section 8 Housing Choice vouchers for people with mental illnesses. Develop a coalition of those interested in increasing access to affordable housing and encourage partnerships between them and the relevant PHA.

### **Learn what the PHA has done**

Learn about your PHA. Read the public housing agency plan, a five-year document covering all aspects of its operations. Look for the following information:

- How does the PHA describe housing needs?
- Has the PHA applied for and received any special Section 8s?
- Has the PHA submitted a designation plan to convert units to elderly-only housing?
- Does the PHA have any established preferences, such as for people with disabilities or the homeless?

### **Determine what you would like from the PHA**

Have a clear idea what resources or provisions you want from the PHA. For example,

- Are you interested in a preference for people with disabilities?
- Would you like the PHA to apply for more vouchers?
- Is seeking project-based rental assistance a way to create new housing?

### **Approach PHA staff**

Meet with PHA staff to outline your interests in affordable housing for people with mental illnesses and explain how you would like to work with them to create new housing.

### **Offer to help. State how you can assist the PHA**

Provide the PHA with important data useful to them. All PHAs that administer a Section 8 Housing Choice Voucher program are required to submit to HUD a public housing agency plan (PHA plan) that outlines needs and how it intends to use its resources. In addition, PHAs are more likely to consider preferences or applications for targeted vouchers if another organization agrees to conduct the marketing, outreach, and intake processes and provide related services. Providing assistance with the housing-search process can be particularly important when targeting vouchers to people with serious

disabilities in tight housing markets. The PHA does not receive administrative funds until a unit has been leased.

Because many PHAs do not place a high priority on the housing needs of people with disabilities, a sustained advocacy strategy may be needed. It will help to convene the community stakeholders with a vested interest in expanding affordable housing for people with disabilities. Stakeholders may include self-advocates willing to talk about their need for housing, family members who can advocate effectively in the community, and service providers who have—or should have—a relationship with the PHA and can gather data on housing needs.

**Develop political and community support** – Garnering support should always be a goal when dealing with the PHA board of commissioners and its executive director, but also seek support from other local officials who may be supportive or sympathetic.

**Get to know your PHA officials** - Meet regularly with senior PHA staff and the board of commissioners. Do not wait until application deadlines are approaching because the PHA may not want to make a decision on short notice.

**Have good data on housing needs** - A full housing-needs assessment is not necessary to make your case. Good estimates from service providers as well as consumer, family, and advocacy groups are sufficient. Try to document the lack of affordable housing for people with disabilities and describe how difficult it is for individuals with SSI incomes to afford any type of housing.

## **Fact Sheet 9: What is the Public Housing Agency (PHA) Plan?**

The PHA plan is part of a federal policy to give public housing agencies increased flexibility when determining who will receive housing assistance and when deciding which of the PHA's resources will be maintained, eliminated, or enhanced. Through its planning process, it decides the policies and procedures for the public-housing units and Section 8 rent subsidies it controls.

The PHA plan is a five-year plan that must address all areas of PHA operations. It includes a statement of the housing needs of low- and very low-income people in the community and how the PHA will meet those needs. A PHA must document in its plan any intention to apply for new Section 8 Housing Choice vouchers (including vouchers targeted to people with disabilities) or to designate any public-housing developments as "elderly only" or "disabled only."

PHAs must develop this plan in consultation with a resident advisory board of the PHA's program participants. Federal law also requires that the PHA plan be consistent with the community's Consolidated Plan, which is a long-term housing plan that controls access to some HUD funds used to expand affordable housing opportunities.

### **What are the resources that a PHA might have or have access to?**

PHAs vary in size and resources. Some are run completely by an unpaid board of directors while others have hundreds on staff to carry out a range of functions. The programs a PHA might have or have access to include:

- Federally-Funded Public Housing Units - Many PHAs own and manage public-housing units. In other words, the PHA is the landlord. As the owner and landlord, it is allowed to establish eligibility criteria for the public-housing units (in accordance with HUD rules and regulations) and screen people to determine if they are eligible for the housing.
- Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher program, PHAs provide a rental subsidy directly to landlords on behalf of eligible tenants who select housing that meets program guidelines. In general, tenants pay no more than 40 percent of their income in rent, and the PHA pays the difference.
- Section 8 Project-Based Rental Assistance - PBRAs are rental subsidies tied to specific units in privately owned housing developments. Tenants pay a percentage of their income for rent, and the subsidy covers the rest of the actual rent. A PHA can use up to 20 percent of its total Section 8 portfolio for project-based assistance.
- The Section 8 Housing Opportunities for Persons with Disabilities (Mainstream

- Program) are vouchers targeted exclusively to people with disabilities.
- The Section 8 Designated Program provides housing vouchers for the non-elderly and for people with disabilities who are no longer eligible for the HUD-funded developments now designated for elderly tenants only.
  - The Section 8 Allocation Plan vouchers for disabled individuals are available for public-housing authorities to apply for in conjunction with the submission of an allocation plan that would restrict public-housing developments to elderly-only, disabled-only, or mixed elderly and disabled.
  - Fair Share Vouchers are conventional Section 8 Housing Choice vouchers (i.e., not targeted to any particular group) awarded by HUD to PHAs that apply through a competition. However, as part of the competition, for the past two years PHA applications received more points from HUD if they agreed to use a minimum of 15 percent of their Fair Share vouchers for households with disabilities. They received additional points if they agreed to use at least 3 percent of the vouchers for people with disabilities with Medicaid Home and Community Based waivers.
  - Shelter Plus Care provides rental subsidies for permanent housing for homeless persons with disabilities. The subsidies can be tenant-based, project-based, or sponsor-based. The program must find other resources to provide participants with services.
  - Section 8 Moderate Rehabilitation SRO provides project-based rental subsidies to single- room-occupancy units that have received a minimum of \$3,000 in rehabilitation funds. Vacant units must be leased to individuals who meet HUD's homeless requirements.
  - HOME funds can be used to provide tenant-based rental assistance. A community that chooses to use HOME funds may contract with a PHA to administer the rental subsidy.

### **How can the PHA plan improve housing opportunities for people with serious mental illnesses?**

By using resources in the PHA plan, communities can improve access to affordable housing by people with serious mental illnesses. The plan controls the housing resources listed above that can provide people with mental illnesses decent, affordable housing.

### **Additional Resources**

Publications:

Opening Doors: *Affordable Housing in Your Community What You Need to Know! What You Need to Do!* Issue 8, September 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

Public Housing Agency (PHA) Plan Desk Guide,

Web sites:

<http://www.hud.gov/offices/pih/pha/policy/pha-plan-guide.pdf>

## **Fact Sheet 10: What is the Consolidated Plan?**

The Consolidated Plan (Con Plan) is a long-term housing plan that controls access to HUD funds used to expand affordable housing opportunities. It is intended to be a five-year comprehensive housing strategy that contains an assessment that documents the need for affordable housing within a state or community as well as both a five-year comprehensive plan and a one-year action plan that describe the activities undertaken each year to address these needs.

The Consolidated Plan controls valuable federal affordable-housing programs including:

- Community Development Block Grant (CDBG)
- Emergency Shelter Grant (ESG)
- Home Investments Partnerships Program (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA)

The Consolidated Plan is a housing strategy that must be submitted to HUD by state and local governments before they can receive their annual allocations for the above programs.

### **Who must submit a consolidated plan?**

Not all local communities have to complete a consolidated plan. Only those units of local government that receive funds from any of the four sources listed above through a formula grant from HUD are required to prepare a consolidated plan, and they are then referred to as “entitlement communities” and/or “participating jurisdictions.” All states, however, must submit a Consolidated Plan that covers all “non-entitlement communities” within the state that do not receive funds directly from HUD.

### **Why is the Consolidated Plan important to people with mental illnesses?**

The Con Plan is important to public community mental health agencies, nonprofit organizations, consumers, and housing advocates working to create housing for people with mental illnesses because it controls key federal housing resources. Groups trying to expand affordable housing should review their community’s Consolidated Plan to see if it addresses housing needs. Communities must spend Consolidated Plan resources according to the specifications of that plan, so it is essential that the Con Plan accurately reflect housing needs and outline strategies to meet them.

### **How can people with mental illnesses impact the ConPlan?**

To ensure that the Consolidated Plan adequately reflects the housing needs of people with mental illnesses in the community, groups such as consumers, advocates, and community public mental health providers can be involved in the Consolidated Plan process in several ways, including:

- reviewing and commenting on consolidated-plan drafts and attending public hearings;

- meeting with other service providers to discuss the affordable housing needs of homeless people and people with disabilities;
- gathering and submitting data documenting these needs;
- learning how the consolidated-plan funds can be used to expand housing for persons with mental illnesses; and
- developing clear strategies to use funding controlled by the Consolidated Plan to address these needs.

### **What are the Consolidated Plan requirements?**

State and local housing and community-development officials are responsible for developing the Consolidated Plan and typically have responsibility for the administration of these funds. As part of this responsibility, these officials must:

- consult with public and private agencies serving people with disabilities and other groups with special housing needs;
- ensure citizen participation through at least two public hearings;
- publish a draft Consolidated Plan for public comments;
- summarize public comments on the Consolidated Plan and send them to HUD; and
- provide performance reports on how housing money is spent.

HUD also requires all states and localities to develop an annual one-year action plan. If there are changes in priorities or uses of money, the Consolidated Plan must be amended to reflect them.

### **What funds does the Consolidated Plan cover that can be used for housing for people with mental illnesses?**

***Community Development Block Grant (CDBG)*** - CDBG is a federal grant provided to “entitlement communities” (typically municipalities with populations over 50,000 and urban counties with populations over 200,000) and to all states. States may use CDBG funds only in non-entitlement communities, including rural areas. Some of the housing activities that CDBG resources can be spent on include housing rehabilitation, new-housing construction, purchasing land and buildings, and making buildings accessible to the elderly and people with disabilities.

***Home Investments Partnerships Program (HOME)*** - The HOME program is a federal grant provided to states and local jurisdictions. Local jurisdictions are larger cities and consortia of smaller communities (called *participating jurisdictions*). HOME funds can be used for the rental housing production and rehabilitation loans and grants, first-time homebuyer assistance, rehabilitation loans for homeowners, and tenant-based rental assistance.

***Emergency Shelter Grant (ESG)*** – The ESG program provides funds to states and local jurisdictions for use to prevent homelessness and to provide shelter and emergency services to homeless individuals and families.

***Housing Opportunities for Persons with AIDS (HOPWA)*** – HOPWA provides resources to certain states and local communities to meet the broad housing needs of

people with HIV and AIDS, including those dually diagnosed with mental illnesses. HOPWA is a flexible program that can be used to develop and operate housing, to fund scattered-site rental subsidies, and to provide supportive services.

**How can the Con Plan improve housing opportunities for people with serious mental illnesses?**

By using resources in the Con Plan (which it controls), communities can improve access to decent, affordable housing for people with serious mental illnesses.

**How do I get a copy of my community's Consolidated Plan?**

If your community has a Consolidated Plan, you can obtain a copy by calling the chief executive of your community or the planning/community development department of your local government. If your community does not have a Con Plan, contact your state-housing or community-development department to get involved in the state Con Plan. Executive summaries of consolidated plans containing community information are available for selected communities across the United States at <http://www.hud.gov/library/bookshelf18/archivedsum.cfm>.

**Additional Resources**

Publications:

*Opening Doors: Affordable Housing in Your Community What You Need to Know! What You Need to Do!* Issue 8, September 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).  
*Piecing It All Together: Playing the Housing Game* (1999), TAC, [www.tacinc.org](http://www.tacinc.org)

Web sites:

- Technical Assistance Collaborative: [www.tacinc.org](http://www.tacinc.org)
- HUD: [www.hud.gov](http://www.hud.gov) (summaries of ConPlans are available on line)
- Center for Community Change: [www.communitychange.org](http://www.communitychange.org)

## **Fact Sheet 11: The Home Investments Partnerships Program (HOME)**

Through the HOME program, the U.S. Department of Housing and Urban Development (HUD) provides over \$1 billion per year in block grants to eligible cities, states, and entitlement communities to create and renovate affordable housing. These federal dollars can be used to:

- ❑ build or renovate rental housing;
- ❑ finance homeownership opportunities;
- ❑ repair homes, which includes making buildings physically accessible; or
- ❑ provide rental subsidies to eligible households.

### **Which Communities Receive HOME Resources?**

Communities eligible to receive HOME funds include states, metropolitan cities, urban counties, and other local governments that join adjacent cities or towns to form a consortium. Communities that receive HOME funds are referred to as *participating jurisdictions*, or PJs. The amount of funds each state, city, or local area receives is based on a formula established by Congress that reflects the need for affordable housing, including the inadequacy of the housing supply, the amount of substandard rental housing, the number of low-income units in need of rehabilitation, the cost of producing housing, the overall incidence of poverty, and the need for federal funds. A PJ must use non-federal resources to provide a 25-percent match to the HOME funds it receives.

All eligible communities must have a HUD-approved Consolidated Plan (ConPlan) to obtain HOME resources. The Con Plan is the master plan for affordable housing in local communities and states. It is intended to be a comprehensive, long-range planning document that describes housing needs, market conditions, and housing strategies. The Con Plan should also outline an action plan for the use of federal housing funds, including HOME dollars. A complete list of HOME recipients is available at [www.hud.gov/offices/cpd/about/budgetdata/RegAreaAlloc](http://www.hud.gov/offices/cpd/about/budgetdata/RegAreaAlloc).

### **How Can HOME Funds Be Used to Create Housing for People with Mental Illnesses?**

The HOME program is notable for the flexibility it offers communities to meet their affordable-housing needs. HOME funds can be used to fund four primary housing activities: rental housing, tenant-based rental assistance, homeownership, and homeowner repair. Up to 15 percent of a community's HOME grant must be reserved for projects owned, developed, or sponsored by qualified community-housing development organizations (CHDOs). CHDOs are nonprofit organizations that create affordable housing in their communities. A community may use up to 10 percent of its allocation of HOME funds to cover administrative expenses.

### **Rental Housing**

In many communities, the housing crisis confronting people with mental illnesses is worsened by a limited supply of quality affordable-housing units, particularly housing that is barrier-free or close to community amenities. As a result of the tight housing market, many communities see no option but to develop new rental units. HOME resources can be used to cover the cost of acquiring land and buildings, renovating properties, and new construction. Funds may be used for projects developed by both for-profit and nonprofit developers and may be available through grants or loans.

The rental housing developed using HOME funds can take many forms. The units can range in size from single-room-occupancy units or efficiencies to multi-bedroom apartments. Units can be located in small structures or large apartment complexes.

### **Tenant-based Rental Assistance**

HOME funds can be used to provide tenant-based rental assistance. Communities can use HOME funds to provide eligible tenants with resources to support rental payments and security deposits. Tenants must make a minimum contribution toward rent, and typically tenants pay 30 percent of their incomes toward rent. HOME tenant-based rental assistance is awarded for two years, but it can be extended if HOME funds remain available. Communities can create a HOME-funded, tenant-based rental-assistance program that targets a particular population, such as people with mental illnesses.

### **Homeownership activities**

HOME funds can be used to finance acquisition, rehabilitation, or new construction of homes for homebuyers by providing resources for down payments, low-interest mortgages, or construction subsidies. The housing must be a one- to four-family residence, condominium, cooperative unit, or manufactured housing and lot.

### **Homeowner Repair**

Many low-income homeowners struggle to cover the ongoing costs of maintaining their homes (e.g., mortgage payments, taxes, and utilities), and they often must forego needed property repairs because they lack resources.

### **How can access to HOME funds be increased for people with mental illnesses?**

Because the decision about how to use HOME funds is often a local one, those interested in obtaining HOME funds to create housing for people with mental illnesses must educate their local community about the housing needs of these people and propose solutions based on HOME funds.

**Determine who gets HOME funds** - Advocates must first determine who gets HOME funds in their communities. In addition to all states, some cities and units of local governments are eligible for and receive HOME funds. A complete list of HOME recipients is available at [www.hud.gov/offices/cpd/about/budget\\_data/RegAreaAlloc](http://www.hud.gov/offices/cpd/about/budget_data/RegAreaAlloc).

**Review a copy of your local Con Plan** - Remember, the Con Plan is intended to be a comprehensive, long-range-planning document that describes housing needs, market conditions, and housing strategies. It should also outline an action plan for the use of federal-housing funds, including HOME. This action plan is updated annually. Review the Con Plan to see how it describes the housing needs of people with mental illnesses and how it proposes to use its HOME funds. Although most ConPlans do not have to be revised until 2005, you can go on record if you do not agree with what is in it. Each PJ must create an annual action plan to reflect new information and provide current data. Advocate for the use of HOME funds for activities to serve people with mental illnesses or for set-asides in existing uses of HOME funds.

**Monitor your community's use of HOME funds** - Many communities may have stated in their Con Plan that they intended to use HOME resources for people with mental illnesses. These communities must report annually on the progress they have made carrying out the stated activities. Review the performance report to determine which households benefit from the HOME resources.

**Educate your local housing officials** - Many communities have not used HOME funds in the variety of ways that could most benefit people with mental illnesses, such as tenant-based rental assistance. Tell your housing officials that you are aware that HOME is a flexible program and that you want to develop an initiative that targets people with mental illnesses.

## **Additional Resources**

Publications:

*Opening Doors: HUD's HOME Program: Can it Really Work for People with Disabilities?*, Issue 16, December 2001, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: Challenging Choices: Housing Development 101* Issue 9, December 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: Affordable Housing in Your Community What You Need to Know! What You Need to Do!* Issue 8, September 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Piecing It All Together: Playing the Housing Game*, TAC (1999). [www.tacinc.org](http://www.tacinc.org)

Web sites:

- Technical Assistance Collaborative: [www.tacinc.org](http://www.tacinc.org)
- HUD: [www.hud.gov](http://www.hud.gov)
- Center for Community Change: [www.communitychange.org](http://www.communitychange.org)

## **Fact Sheet 12: Community Development Block Grant (CDBG) Program**

The Community Development Block Grant (CDBG) program provides funds to states and local communities to help provide decent housing and expanded economic opportunities, principally for persons of low and moderate incomes. Funds may be used for a wide variety of housing and non-housing activities, and communities are not required to include housing when determining how they would like to use CDBG funds.

All CDBG projects must fulfill one of the three national objectives of the program. They must:

1. benefit low- and moderate-income people;
2. eliminate or prevent slums and blight; and
3. meet an urgent community need.

CDBG funds can be spent on any of the following housing activities:

- housing rehabilitation (loans and grants to homeowners, landlords, nonprofits, developers);
- constructing new housing (only if completed by nonprofit groups);
- acquiring land and buildings;
- making buildings accessible to the elderly and people with disabilities; and
- providing public services (capped at 15 percent of a jurisdiction's CDBG funds) such as case management, employment services, and health and child care

### **Which Communities Receive CDBG Funds?**

Communities that receive CDBG resources are called *entitlement communities* and are typically municipalities with populations over 50,000, urban counties with populations over 200,000, and all states. States may use CDBG funds only in non-entitlement communities, including rural areas. HUD determines the amount of each grant by a process that uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population-growth lag in relationship to other metropolitan areas.

All eligible communities must have a HUD-approved Consolidated Plan (ConPlan) to obtain CDBG resources. The Con Plan is the “master plan” for affordable housing in local communities and states. It is a comprehensive, long-range planning document that describes housing needs, market conditions, and housing strategies. The Con Plan should also outline an action plan for the use of federal housing funds, including CDBG dollars. A complete list of CDBG recipients and contact information is available at <http://www.hud.gov/offices/cpd/communitydevelopment/programs/contacts/states/ma.pdf>

## **How Can CDBG Funds Be Used to Create Housing for People with Mental Illnesses?**

CDBG funds can provide communities with valuable resources to meet the housing needs of people with mental illnesses through four primary activities: rental housing, homeownership activities, repairs to owned homes, and housing services.

### **Rental Housing**

CDBG resources can be used to cover the cost of acquiring land and buildings, renovating properties, and new construction (if carried out by an eligible nonprofit organization).

The rental housing developed using CDBG funds can take many forms. The units can range in size from single-room-occupancy units or efficiencies to multi-bedroom apartments. Units can be located in small structures or large apartment complexes.

### **Homeownership activities**

CDBG funds can be used to help low- and moderate-income households become homeowners several ways. They can pay 50 percent of a down payment; pay closing costs; subsidize interest rates and mortgage-principal amounts; and buy guarantees for mortgage financing obtained by homebuyers from lenders. For people with mental illnesses, these CDBG funds could remove obstacles to homeownership such as a lack of financial resources and a lack of credit.

### **Repairs to Owned Homes**

Many low-income homeowners struggle to cover the on-going costs of maintaining their homes, (e.g., mortgage payments, taxes, and utilities), and they often must forego needed property repairs because they lack resources. CDBG funds can be used to help homeowners with needed improvements such as making their homes accessible, improving energy efficiency, and removing code violations.

### **Housing Services**

Up to 15 percent of an entitlement community's CDBG funds can be used to carry out public services, including housing services. Housing assistance can include housing counseling, tenant selection, and management of tenant-based rental-assistance programs. These activities are eligible for funds if they relate to HOME-funded activities. For example, if a community uses some of its HOME funds to fund tenant-based rental assistance for people with mental illnesses, it can use other CDBG resources to cover the management costs of this program. Similarly, if HOME funds support the purchase of homes by people with mental illnesses, CDBG funds can provide housing counseling to this population.

## **How can access to CDBG funds be increased for people with mental illnesses?**

Because the decision about how to use CDBG funds is a local decision, those interested in obtaining CDBG funds to create housing for people with mental illnesses must educate their local communities about the housing needs of people with mental illnesses and

propose solutions that use CDBG funds. CDBG is often the only funding source in a community for non-housing programs, including roads, parks, and community centers, so the competition for their use heightens the need to educate local planners.

**Determine who gets CDBG funds** - Advocates must first determine who gets the community's CDBG funds. A complete list of CDBG recipients and contact information is available at <http://www.hud.gov/offices/cpd/communitydevelopment/programs/contacts/states/ma.pdf>

**Review a copy of your local Con Plan** - Remember, the Con Plan is intended to be a comprehensive, long-range planning document that describes housing needs, market conditions, and housing strategies. It should also outline an action plan for the use of federal-housing funds, including CDBG. This action plan is updated annually. Review the Con Plan to see how it describes the housing needs of people with mental illnesses and how it proposes to use its CDBG funds. Although most ConPlans must not be revised until 2005, you can go on record if you do not agree with what is in it. Each entitlement community must create an annual action plan to reflect new information and provide current data. Advocate for the use of CDBG funds for housing activities to serve people with mental illnesses or for set-asides in housing funded with CDBG funds.

**Educate your local housing officials** – Inform your local housing officials about the housing needs of people with mental illnesses as well as ways to use CDBG funds to meet those needs. Many communities have used CDBG funds for non-housing programs or for non-targeted housing. Tell your housing officials that you are aware that CDBG is a flexible program and that you want to develop an initiative that targets people with mental illnesses.

## **Additional Resources**

Publications:

*Opening Doors: Challenging Choices: Housing Development 101* Issue 9, December 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Opening Doors: Affordable Housing in Your Community What You Need to Know! What You Need to Do!* Issue 8, September 1999, TAC & CCD, [www.tacinc.org](http://www.tacinc.org).

*Piecing It All Together: Playing the Housing Game* (1999), [www.tacinc.org](http://www.tacinc.org)

Web sites:

- Technical Assistance Collaborative: [www.tacinc.org](http://www.tacinc.org)
- HUD: [www.hud.gov](http://www.hud.gov)
- Center for Community Change: [www.communitychange.org](http://www.communitychange.org)

## **Fact Sheet 13: Low-income Housing Tax Credits**

Enacted as part of the 1986 Tax Reform Act, the Low-Income Housing Tax Credit (LIHTC) is a vehicle for the federal government to fund the construction of new rental housing and the acquisition and rehabilitation of existing rental housing for low-income households. The LIHTC program is the primary federal resource for developing low-income housing, including housing for people with serious mental illnesses. Through the program, qualified owners or investors in eligible low-income rental housing receive a credit on their federal income tax for a ten-year period. For every dollar invested in the housing project, a dollar may be reduced from the owner's or investor's income tax.

### **How Does the LIHTC Program Work?**

Each state receives an annual allotment of credits based on population, and the state in turn makes these credits available to housing projects on a competitive basis. States receive an annual allotment based on population. Congress increased the rate to \$1.50 per capita in 2001 and \$1.75 per capita in 2002; therefore, a state with a population of five million will receive \$8.75 million. State tax credit-allocation agencies (usually the state housing-finance agency) administer the program, monitor compliance, and allocate the credit in each state based on locally determined priorities.

States award tax credits to developers of low-income housing who, in turn, offer the credits to investors. Investors obtain a dollar-for-dollar reduction in their federal tax liability in exchange for providing financial equity to develop qualified, affordable rental housing. The developers use the money they receive from selling the tax credits to create housing.

### **What Planning Must States Follow?**

Within general IRS guidelines, states are allowed to set specific allocation criteria for awarding tax credits. States are required to develop plans that identify and prioritize housing needs. These plans are called *qualified allocation plans* (QAPs). QAPs must contain criteria for the selection of projects to be awarded tax credits. State plans must ensure that priority is given to low-income renter households. Based on the housing needs identified and selection criteria established by these plans, state housing-finance agencies award tax credits to developers. States can establish selection criteria that target specific special-needs populations such as people with serious mental illnesses.

### **How Can LIHTC Funds Be Used to Create Housing for People with Mental Illnesses?**

Funds provided through the LIHTC program can be used to develop a variety of housing projects, including:

- rental housing;
- transitional housing for homeless persons;
- mixed-use projects that include both rental housing and commercial space (only the residential portion is eligible for tax credits); and
- assisted-living and Section 811 projects.

Projects created through the LIHTC program can target units for special-needs populations, including people with serious mental illnesses.

Through its QAP, a state can give priority to targeted populations in its selection criteria for projects seeking tax credits. For example, if a state identifies people with mental illnesses as a priority, it can allocate extra points on the competitive application for tax credits for projects serving that population.

Money from the sale of the LIHTC can provide funds for acquisition, rehabilitation, and new-housing construction. Projects also have successfully used LIHTC funds for operating and support-service reserves to ensure the long-term affordability and viability of the housing program for tenants with special needs, including people with mental illnesses.

### **Are there State Housing Tax Credits?**

As of 2001, about 10 states had established their own version of the federal low-income housing tax-credit program. Programs vary from state to state in terms of the amount of credits provided, the types of housing projects assisted, and the targeted income levels of the tenants. Contact your state's housing finance agency or housing and community development department to see if it offers a similar resource. Check the Web site of the National Council of State Housing Finance Agencies (the membership organization for state housing-finance agencies) at <http://www.ncsha.org> to locate the housing finance agency for your state, or call the organization at 202/624-7710.

### **How can access to LIHTCs be increased for people with mental illnesses?**

States can create selection criteria that prioritize specific populations through their qualified allocation plans. Those interested in obtaining LIHTC funds to create housing for people with mental illnesses must educate their local communities about the housing needs of people with mental illnesses and propose solutions that use LIHTC funds.

**Determine who administers LIHTC funds** - Advocates should first determine who administers LIHTC funds in their states. Administering agencies are usually either the state housing-finance agency or the state housing and community development agency.

**Review a copy of the state's qualified allocation plan** – Through the qualified allocation plan, a state outlines its selection criteria, including any prioritized populations. Review the QAP to see what selection criteria the state has proposed. Provide data to the

administering agency to support the housing needs of people with mental illnesses.  
Advocate for selection criteria that prioritize housing for people with mental illnesses.

**Educate your local housing officials** – Inform your local housing officials about the housing needs of people with mental illnesses as well as ways to use LIHTC funds to meet those needs.

### **Additional Resources**

Publications:

Tax Credits for Low Income Housing by Joseph Guggenheim, 11<sup>th</sup> Edition.

## **Fact Sheet 14: Section 811 Supportive Housing for Persons with Disabilities**

The Section 811 for Persons with Disabilities Program funds the development, by nonprofit organizations, of permanent supportive housing for people with disabilities. It is designed to enable very low-income people with disabilities to live independently within their communities. Each HUD office receives a minimum allocation of ten units, and funds are awarded competitively. Any additional units are then allocated according to need as determined by a HUD formula based on the number of adults with disabilities in a service area.

Section 811 funding is provided two ways. The first is a capital advance that finances the acquisition, construction, or rehabilitation of housing. Essentially a grant, these funds require no interest payments or repayment as long as the housing remains available for at least 40 years for very low-income people with disabilities. The second is a project-based rental assistance contract (PRAC) provided with the capital advance that becomes an operating subsidy that remains with the housing units and pays the difference between the tenant portion of rent and the HUD-approved, per-unit operating expenses. PRACs are five-year, renewable contracts.

### **What can the Section 811 program pay for?**

Section 811 resources can be used to fund the following activities:

- acquisition;
- new construction;
- rehabilitation; and
- operating costs through a five year, project-based rental assistance contract

### **How Are Section 811 Funds Awarded?**

The Section 811 funds are awarded through an annual competition. Private, nonprofit organizations apply directly to HUD. The program is very competitive and the application extremely complicated. Applications that meet minimum standards are rated and ranked by the HUD Multifamily Program Center according to the following criteria:

- ❑ capacity of the applicant and relevant organizational staff;
- ❑ extent of the housing need;
- ❑ soundness of approach regarding proposed housing and services;
- ❑ value of other resources committed to the project; and
- ❑ comprehensiveness and coordination of the housing plan as expressed in the application.

## **How Can Section 811 Funds Be Used to Create Housing?**

The Section 811 program exclusively targets people with disabilities. Program resources can be used to purchase and renovate or to construct housing for people with disabilities. To date, much of the Section 811 resources have been used to create large housing developments with up to 18 residents or group homes with up to six residents. However, as consumer preferences increasingly encourage integrated housing, the Section 811 program provides extra points when rating applications that stress integrated housing such as condominium units scattered within one or more buildings or non-contiguous independent-living units on scattered sites.

### **Cooperative/Condominium Projects**

The Section 811 program can provide funds to nonprofit organizations to purchase condominium apartments in their communities. These funds enable nonprofits to use the Section 811 capital resources while providing consumers with independent housing scattered throughout a community. This model can receive up to five bonus points in the scoring of applications, and the five-year, project-based, rental-assistance contract allows the nonprofit to keep the unit rents affordable.

### **Independent-living projects**

These projects consist of separate units that include a kitchen and a bathroom. The structure may contain a congregate dining facility, community space, a laundry, a small administrative office, and storage. The minimum number of units that can be applied for is five, but they must not necessarily be in one structure. The maximum number of units is 18. A program cannot require residents' acceptance of supportive services as a condition of occupancy.

### **Group homes.**

Group homes are single-family residential structures that may combine multiple bedrooms with a kitchen, shared living areas, utility areas, and shared bathrooms. The maximum number of residents is six. Only one person per bedroom is allowed, unless two residents choose to share one bedroom or a resident determines that he or she needs another person to share his or her bedroom.

### **Tenant-based Rental Assistance**

Section 811 funds are used for tenant-based rental assistance through the Section 8 Mainstream Housing Opportunities for Persons with Disabilities program. Available to both nonprofit disability organizations and public-housing authorities, these funds are awarded through a separate annual competition. (See Fact Sheet 7: Section 8 Rental Assistance)

## **Can accepting services be required?**

Residents or applicants for Section 811 projects cannot be required to accept any supportive services as a condition of occupancy or admission. In addition, any prospective resident of a Section 811 project who believes he or she needs supportive

services must be given the choice of being responsible for acquiring his or her own services or taking part in services offered by the housing program.

### **Can a Section 811 program serve only people with mental illnesses?**

A Section 811 program may limit occupancy within the housing to persons with similar disabilities and require a similar set of supportive services in a supportive-housing environment. However, the program must permit occupancy by any qualified person with a disability who could benefit from the housing or services provided, regardless of the person's disability.

If a project seeks to limit occupancy, the application must 1) describe the population of persons with disabilities to which the project is targeted; 2) explain why it is necessary to limit occupancy in the proposed project as well as why the housing or supportive-services needs of this population cannot be met in a more integrated setting; the provider's experience in providing housing or services to this population; and a description of how the project will ensure that the occupants of the proposed project will be integrated into the neighborhood and surrounding community.

### **How can the public mental health system access Section 811 resources?**

There are two ways the public mental health system can help people with mental illnesses benefit from Section 811 resources. The system can support a nonprofit organization that applies for Section 811 resources and develop a housing program that would be available to people with disabilities, including people with mental illnesses. In some cases, the public mental health authority is also a 501c3 and can apply for this funding directly. Support can be in the form of financial resources to help fund the development of the project. The Section 811 capital money is usually not enough to cover all the development costs, but the public mental health system can provide the gap financing to make the project feasible and to make supportive services available to residents. Residents cannot be required to participate in services, but they should have services available either on site or in the community to meet their individual needs. Finally, the mental health system can help forge partnerships with existing or proposed developers of Section 811 housing to increase opportunities for people with mental illnesses to access those units.

## **Fact Sheet 15: State and Local Housing Resources**

Creating housing usually requires a mix of funding from non-federal sources. Competition for federal funds has increased sharply, and many public-funding sources are not allowed to cover 100 percent of the cost of the program and require other resources. Besides the frequent need to match funds, there are other strong reasons to diversify funding. One is that a mix of funding resources offers flexibility in terms of the people who will benefit and how the project operates. A mix of sources also reduces dependence on any one funder so that if one funding source reduces its commitment, the housing program may be able to continue because of its broad funding base.

Some states, cities, and local communities have resources for creating housing for special populations, including people with serious mental illnesses. These funds can be important when covering the costs of creating new housing because, generally, they will support acquisition, rehabilitation, new construction, and other development-related expenses.

### **What Are Housing Trust Funds?**

A housing trust fund is a dedicated capital pool that funds affordable housing. These public funds are established by legislation, ordinance, or resolution to receive specific revenues to be spent on housing. A key characteristic of a housing trust fund is that it receives ongoing revenues from a dedicated source, such as taxes, fees, or loan repayments. A real estate transfer tax or interest earnings on real estate trust accounts are some sources of housing trust funds. Housing trust funds offer several advantages:

- funds are designated for this purpose and need not compete with other social causes;
- revenues are from an ongoing funding source and not subject to year-to-year appropriations; and
- funds usually can be combined with federal funds such as HOME.

What housing trust funds provide varies considerably. Some, but not all, may have very low-income targeting provisions. As of 2001, there were approximately 150 housing trust funds across the country operated by states, counties, and cities. About 25 percent of the 150 were operated by states, and cities and counties operated 75 percent.

Thirty-five states have housing trust funds. They are:

**State                      Administering Agency**

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Arizona	Department. of Commerce
California	Department. of Housing & Community Development
Connecticut	Housing Finance Authority
Delaware	Housing Finance Authority
Florida	Housing Finance Corporation
Georgia	Department of Community Affairs
Hawaii	Housing & Community Development Corporation.
Idaho	No \$ committed
Illinois	Housing Development Authority
Indiana	Housing Finance Authority
Iowa	Housing Finance Authority
Kansas	Department. of Community & Housing
Kentucky	Kentucky Housing Corporation
Maine	State Housing Authority
Maryland	Department of Housing & Community Development
Massachusetts	Department of Housing & Community Development
Minnesota	State Housing Finance Agency
Missouri	Housing Development Commission
Montana	No money committed
Nebraska	Department of Economic Development
Nevada	Nevada Housing
New Hampshire	Housing Finance Agency
New Jersey	Department of Community Affairs
North Carolina	Housing Finance Agency
Ohio	Department of Development
Oklahoma	Housing Finance Agency
Oregon	Housing & Community Services Department
Rhode Island	No \$ committed
South Carolina	Housing Finance & Development Authority
Tennessee	Housing Development Agency
Texas	Department of Housing & Community Affairs
Utah	Division of Community Development
Vermont	Housing & Conservation Board
Washington	Department. of Community Trade & Economic Development
Wisconsin	Division of Housing

For information about your state’s housing trust fund, contact the state-administering agency or check the state’s Web site. To see if your city or county has a housing trust fund, contact the city or county government’s housing, planning, or community-development office to find the administering agency.

**What Is Tax-exempt Bond Financing?**

State housing-finance agencies are responsible for administering a range of low-income housing financing programs. There is a state housing-finance agency in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Tax-exempt bonds are usually used to finance large affordable-housing projects that can afford debt service. Several types of tax-exempt bond-financing programs rely on the ability of state and local

governments to issue bonds that bear interest that is exempt from federal income tax. The exemption allows the bonds to bear a below-market interest rate that subsidizes the acquisition, rehabilitation, construction, ownership, or operation of affordable housing.

Tax-exempt bond financing is possible because of federal income tax law. State law, however, determines the authorization and how the bond financing is structured, including the issuance of mortgage-revenue bonds, the designation of authorized issues, and the establishment of purposes and priorities.

Federal law allows tax-exempt bond financing for multifamily residential rental programs and special-needs housing programs. Several states have special programs targeting special-needs populations, such as people with mental illnesses, funded through tax-exempt bond financing. Call or check the Web site of the National Council of State Housing Finance Agencies (the membership organization for state housing-finance agencies) at <http://www.ncsha.org> to locate the housing finance agency for your state, or call the organization at 202/624-7710.

### **How Can Housing Trust Funds and Bond Financing Help People with Mental Illnesses?**

Housing trust funds and tax-exempt bond financing can provide the financial resources to pay for the acquisition, construction, and rehabilitation of housing for people with mental illnesses. Each state generates its own regulations for how the resources can be used and who can receive assistance. States can stipulate that funds be used for rental housing or homeownership, and they can target certain special populations, such as people with mental illnesses.

Those interested in creating housing for people with mental illnesses should investigate whether their state has a housing trust fund or a housing program financed with tax-exempt bonds. If the state does, research the program rules and regulations to determine if there are any populations targeted to benefit from the funds.

## **Fact Sheet 16: Homeownership for People with Mental Illnesses**

Many people with mental illnesses can be successful homeowners if their barriers to homeownership are removed. The obstacles include low-incomes, sources of income from non-steady employment and/or Supplemental Security Income, and poor credit histories.

Despite these barriers, a few states and communities are expanding homeownership opportunities for people with disabilities, including people with mental illnesses.

### **What influences the success of a homeownership program?**

The primary barrier to homeownership for individuals and families with mental illnesses is their low incomes. Purchasing a home includes the cost of the down payment and the home itself, closing expenses, and perhaps costs for necessary modifications. Most low-income people cannot afford to purchase a home without substantial financial assistance. Homeownership initiatives that have provided this assistance via government housing programs — such as CDBG, HOME, or state funds — have been most successful.

In addition to financial resources, a homeownership program should include a strong homeowner-counseling component that offers both pre- and post-purchase guidance for handling the challenges of buying a home and the responsibilities of being a homeowner. These homebuyer services can help consumers with fair-housing issues, mortgage-financing requirements, and links to lenders, realtors, and other parties involved in the home-buying process.

### **What are the existing homeownership programs?**

There are several existing homeownership programs that help people with low incomes and people with special needs become homeowners. They include the Section 8 homeownership program, homeownership coalitions, state-funded homeownership programs, and privately sponsored homeownership initiatives.

#### Section 8 Homeownership

Public housing agencies (PHAs) currently administering a Section 8 Housing Choice Voucher program can use Section 8 assistance to help a household buy a home. PHAs have significant flexibility to design their own Section 8 homeownership programs, for example, by limiting the number of households assisted and targeting the assistance to a specific segment of people, such as people with disabilities. Rules and provisions must be met when using Section 8 assistance to help people with disabilities purchase homes, such as allowing welfare to be included in the income calculation and not requiring consumer employment for eligibility.

## Homeownership Coalitions

Homeownership coalitions also help people with disabilities become homeowners. Coalitions bring together lenders, housing-counseling agencies, providers of services to people with disabilities, and mainstream affordable-housing providers to collaboratively meet special housing needs. Two specific programs– the Fannie Mae HomeChoice coalition and the Home of Your Own alliance – are creative, innovative, and able to move people with disabilities into their own homes.

The Fannie Mae HomeChoice is a mortgage for low-income people with disabilities, including people with mental illnesses. With the development of HomeChoice, Fannie Mae became the only secondary-market agency to tailor a mortgage product for people with disabilities that removed some of their home-buying barriers. These mortgages offer flexibility in loan-to-value ratios (LTVs), amount of down payment, qualifying ratios, and establishing credit

The Fannie Mae HomeChoice mortgage is available through homeownership coalitions in 19 states and localities across the country. Homeownership coalitions include a lead agency that coordinates the program using a wide range of stakeholders from the housing, disability, and finance fields. Coalition members can be consumer and family groups; housing-finance agencies; lenders; state mental-health, mental-retardation and developmental-disabilities agencies; independent-living centers; nonprofit homeownership-counseling organizations; and realtors. Members provide homebuyer education and counseling as well as down-payment, home-modification, legal, and mortgage financing.

Fannie Mae's HomeChoice coalition model built upon the earlier efforts of the National Home of Your Own alliance (HOYO). From 1993 to 1998, HOYO grew from a locally based homeownership pilot program into a national effort funded by the Administration on Developmental Disabilities within the U.S. Department of Health and Human Services. Many HOYO coalitions now offer the Fannie Mae HomeChoice mortgage as well as other mortgage products that meet the needs of people with disabilities.

## State-funded Homeownership Programs

Many states have used their own funding to establish homeownership programs, but only a limited number have established homeownership programs specifically targeted to low-income people with disabilities. The state-funded programs are particularly successful because they provide substantial funding and coordinate buy-in from other state agencies and key community organizations. States that have successfully overcome the barriers of special-population homeownership have included program elements that work well: financial commitment to ensure program feasibility, access to other state resources, and partnerships with local agencies.

By using state funding (usually state-bond financing or tax revenues), state homeownership programs can provide substantial financial commitments in terms of large loans to eligible families at extremely low interest rates (sometimes zero percent)

and flexible loan-to-value ratios. As state-sponsored initiatives, they have the immediate legitimacy with other state agencies and key stakeholders that, in turn, allows easy access to other valuable state and local resources that can ease the financial burden of buying a home.

Most state-funded homeownership programs for people with disabilities partner with local disability providers and housing agencies to administer their program. This partnership allows the state to capitalize on the strength and expertise of these agencies to meet diverse housing needs.



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