



**STATEMENT OF ANN O'HARA
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ON BEHALF OF THE CONSORTIUM FOR CITIZENS WITH
DISABILITIES HOUSING TASK FORCE**

**SUBCOMMITTEE ON HOUSING AND COMMUNITY
OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES**

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Chairman Ney and Ranking Member Waters, the Consortium for Citizens with Disabilities (CCD) Housing Task Force is grateful for the opportunity to provide testimony to the Housing and Community Opportunity Subcommittee on HR 1841 – a proposal to convert the Section 8 Housing Choice Voucher program to a flexible block grant program administered by the states. We appreciate the opportunity to share our views on this important issue and our concerns about the potential impact of this proposal on people with disabilities.

The CCD Housing Task Force is a coalition of national disability organizations working to promote access to affordable housing opportunities and community supports for people with disabilities. Among the groups participating in the CCD Housing Task Force are the Arc of the United States (the Arc), American Network of Community Options and Resources (ANCOR), the National Easter Seals Society (NESS), the National Alliance for the Mentally Ill (NAMI), the National Association of Protection and Advocacy Systems (NAPAS) and the Paralyzed Veterans of America (PVA) and United Cerebral Palsy Associations (UCPA). The individuals who we represent – most of whom have very low incomes, many of whom depend solely on Supplemental Security Income (SSI) or other disability benefits – are current participants in the Section 8 HCV program, are on Section 8 waiting lists, or are applicants for federal housing assistance. The Section 8 HCV and other federal housing assistance is critical to their ability to have any chance of obtaining affordable and accessible housing in the community.

Overview – People with Disabilities and the Section 8 Housing Choice Voucher Program

People with disabilities have the highest level unmet need for housing assistance of any group eligible for federally subsidized housing assistance. In 2002, approximately 3.7 million non-elderly people with disabilities relied solely on federal SSI benefits worth \$545 per month. Less than 15 percent of these people receive any housing assistance from HUD. HUD's own Worst Case Housing Needs reports to Congress estimate that as many as 1.4 million people with disabilities receiving SSI live in seriously substandard housing and/or pay more than 50 percent of their income for rent. At least 1.9 million people receiving SSI do not have any housing in the community at all. Instead, they are stuck in nursing homes, institutions or other restrictive settings, or they are homeless and living on the streets or in emergency shelters. Hundreds of thousands of people with disabilities still live at home with aging parents who do not know where their adult child will live – or how the rent will be paid – after they die.

A comprehensive housing affordability study – *Priced Out in 2002* – just published by the Technical Assistance Collaborative Inc. and the CCD Housing Task Force explains why people who rely on SSI have such serious housing problems. The *Priced Out* study compared SSI income to HUD Fair Market Rent levels in 2002 in over 2,700 housing market areas of the United States, and found that, on average nationally, it would take 105 percent of monthly SSI income to rent a modest one bedroom apartment priced at the Fair Market Rent. More simply stated, people with disabilities who rely on SSI cannot afford decent housing in any part of the United States unless they receive some type of housing assistance.

During recent years, the Section 8 Housing Choice Voucher program has been the primary resource – and sometimes the only resource – available to begin to address the housing needs of people with disabilities in local communities. The CCD Housing Task Force believes that Congress should continue to have the responsibility to protect people with disabilities who receive Section 8 vouchers or who need Section 8 assistance. Section 8 is literally a “lifeline” for people with disabilities who want to live normal lives in the community but cannot afford the cost of even modest rental housing.

Because of the importance of the Section 8 program to people with disabilities, the CCD Housing Task Force is strongly opposed to the conversion of the Section 8 Housing Choice Voucher program to a block grant. We believe that Congress should continue to have the direct responsibility for ensuring adequate funding for the program and for decisions about how the Section 8 program is used. HUD's role in administering the Section 8 program, and in monitoring the use of vouchers by PHAs, is also critically important. HUD should be devoting the resources that are needed to carry out these responsibilities successfully. Most importantly, the Section 8 program should continue to be targeted to addressing the most critical housing needs in our country today – those of extremely low-income people including people with disabilities.

The CCD Housing Task Force is opposed to this legislation because HR 1841 would:

- Reduce the federal resources available for subsidized housing for the lowest income people, including people with disabilities.
- Undermine the substantial progress that has been made during the past six years to expand access to vouchers for people with disabilities;
- Eliminate many important protections now provided in the program which benefit people with disabilities; and

- Jeopardize over 50,000 Section 8 vouchers now set-aside for people with disabilities, including the Section 8 Mainstream vouchers funded by the Section 811 Supportive Housing for Persons with Disabilities program.

Findings and Purposes

The CCD Housing Task Force does not agree with many of the findings and purposes included in HR 1841, which is proposing a fundamental and radical change in our nation's housing policies.

For example:

- We believe that substantial progress is being made to address unspent appropriations. In fact, many PHAs are now over-leased, or are concerned about leasing additional vouchers because of uncertainties around funding. Unspent appropriations, including those set-aside for people with disabilities, were caused by a number of interrelated factors including the “overheated” rental housing market of the late 1990s, a serious lack of attention to the program at HUD, and a PHA culture that says “no” rather than “yes” for fear of violating HUD policies;
- We do not agree that the 2,600 PHAs have contributed to the development of overly prescription regulatory and statutory measures. In our experience, HUD attorneys and HUD staff are the more likely culprits. The CCD Housing Task Force's direct experience with HUD's administration of vouchers set-aside for people with disabilities under the Mainstream and Designated housing programs documents this point. While some PHAs may be guilty of rigidity in their practices, this is an outcome of how HUD writes the rules not PHA administration;
- We strongly disagree with the bill's attempt to create a more fundamental policy linkage between vouchers and self-sufficiency, unless self-sufficiency is defined simply as “having a decent and affordable place to live in the community”. The voucher program has always assisted many types of households – including disabled households, elderly households, as well as families with children. While linking vouchers to economic self-sufficiency initiatives (i.e. TANF recipients receiving Welfare to Work vouchers) has been an extremely successful policy to assist family households with children, it is scarcely relevant to the critical issue most extremely low income people with disabilities (or elderly people, for that matter) confront – which is simply a lack of decent, affordable and accessible housing in the community.

The CCD Housing Task Force does not believe that a State-administered block grant as proposed in HR 1841 will accomplish the purposes outlined in the legislation.

For example,

- The evidence is clear that most states do not have the capacity to administer a voucher block grant, so funds would not be used promptly and effectively. During the past few years, state-operated voucher programs have had lower Section 8 utilization rates than most PHAs and some state programs have been very troubled;
- States do not currently have the tools or methods available to accurately monitor or measure local markets. HUD has 27 years of experience with these activities;

- Administrative decision-making at the state level has great potential to “politicize” the voucher program. People with disabilities could easily be the losers if housing needs, politics, and budget shortfall issues are allowed to be “co-mingled” with the voucher program;

The CCD Housing Task Force believes that additional flexibility is needed in the voucher program, but such flexibility should be provided by Congress and by HUD. It should not be administered by state officials who diverted TANF funding for other state responsibilities in the late 1990s or who have used tobacco settlement funding to offset state deficits in programs unrelated to health care.

Our concerns about the specific policies incorporated within HR 1841 are itemized below:

#1. In CCD’s view, a block grant would result in a “cap” and eventually reduce voucher appropriations, and would likely lead to: a reduction in the number of households assisted; and higher tenant rents and less subsidy funding provided to participating households. Under a block grant, Congress would no longer have the direct responsibility for continuing assistance to households participating in the program. Since its inception in 1974, Congress’s direct responsibility for the voucher program’s appropriations – based on the number of vouchers authorized – has ensured its continuation and its success.

Block granting the voucher program would have the affect of “capping” and eventually reducing the federal government’s voucher program expenditures and the number of households assisted. Under a block grant approach, it would be much more difficult to obtain the necessary funding increases from Congress to ensure that appropriations kept pace with the increases in rental housing costs. It would also be extremely difficult to fund any new vouchers. Proposals to “index” the block grant for inflation would not be as effective or responsive as HUD’s current system of establishing Fair Market Rents and exception rents.

Under a block grant, there would be no formula underlying annual appropriations which would relate to the number of vouchers in use or to changes in rental housing costs. Given the history of other federal block grant programs, there would also be substantial pressure on Congress to freeze or cut funding to the voucher block grant in the future. When funding did not grow sufficiently to meet increased rental costs, state administrators would be forced to take one or more of the following actions: (1) eliminate “turnover” vouchers, thus reducing the number of households assisted; (2) reduce the amount of subsidy provided to participating households which would require them to pay a higher percentage of their income for rent; (3) terminate households from the program.

The current program structure ensures that it is Congress’s responsibility to fund all vouchers currently leased – a responsibility Congress has met every year since 1975. Stepping this responsibility down to the states is an indirect but extremely effective way of reducing the federal government’s commitment to provide housing assistance to people with disabilities and other extremely low income Americans.

#2 - The essential features of a block grant program undermine the historic federal commitment within the Section 8 program to provide housing assistance for those most in need, including people with disabilities.

With a flexible block grant, state administrators could:

- Re-direct Section 8 voucher funding away from people with disabilities who are most in need of housing assistance in order to serve other more politically popular groups;
- Re-direct funding to higher income households who are less expensive to serve;
- Implement new policies, such as the time limits that exist in the Temporary Assistance To Needy Families (TANF) program. Such limits would be disastrous for people with disabilities living on SSI benefits whose impairments are not subject to an arbitrary time limit;
- Implement new policies favoring congregate or segregated housing rather than housing that reinforces community integration mandates.

The federal government must continue to play a strong role in establishing Section 8 policy because many states and localities have a poor track record in addressing the housing needs of people with disabilities with the lowest incomes, and in protecting their housing rights under federal fair housing laws. For example, few states and jurisdictions have prioritized the housing needs of people with disabilities within their Consolidated Plans. Very few have invested a “fair share” of their HOME and Community Development Block Grant funding to create new housing or tenant based rental assistance for people with disabilities. State/local flexibility within these HUD block grant programs has clearly not benefited people with disabilities – and is a key reason why the CCD Housing Task Force cannot support HR 1841.

Many states continue to ignore the housing preferences of people with disabilities and their rights under the Americans with Disabilities Act to live in housing integrated in the community. The Supreme Court’s 1999 *Olmstead* decision is the best evidence of the segregated housing policies still practiced by state health and human services agencies. If the Section 8 voucher program is converted into a block grant, state officials with budget shortfalls may attempt to use these funds to replace state funding for segregated group homes or sub-standard board and care facilities such as those recently identified in New York State. Block grant legislation that includes protections against these types of practices would be extremely difficult, if not impossible for HUD to enforce.

#3. The CCD Housing Task Force is strongly opposed to the new targeting policies for higher income households in HR 1841 including providing assistance to disabled households and elderly households above 80 percent of median income.

The proposed legislation includes fundamental policy changes encouraging states to re-direct scarce voucher funding to higher income households including providing up to 45 percent of voucher funding to households above 30 percent of median and permitting elderly and disabled household above 80 percent to receive assistance under the block grant. HR 1841 provides no rationale for these departures from current federal housing policy. By contrast, the Priced Out in 2002 report cited above documents that on average SSI benefits place people with severe disabilities at 18.8 percent of median income.

Higher income households are now assisted through an array of federal housing programs, including the HOME and CDBG block grants, and the Low Income Housing Tax Credit program. The Section 8 voucher program is the “mainstay” program for the poorest people with disabilities and should remain so. The new targeting and income eligibility policies would be implemented at expense of people with the lowest incomes, including over 3 million adults with disabilities receiving federal SSI benefits who do not receive federal housing assistance – including people still living in restrictive settings such as institutions and nursing homes. Re-directing scarce

voucher program funding to households above 80 percent of median income when people in institutions are still waiting for housing assistance contradicts the Administration's New Freedom Initiative goal to help people with disabilities live in the community and the integration mandates in the ADA affirmed by the Supreme Court's Olmstead decision.

#4. Because of the continued implementation of “elderly only” designation policies by Public Housing Agencies and HUD-assisted housing owners, the Section 8 voucher program has been an extremely effective tool to mitigate the negative impact of designation for non-elderly people with disabilities. A block grant proposal would fundamentally alter the congressional strategy to provide new Section 8 vouchers for people with disabilities who are no longer eligible to move into “elderly only” buildings and jeopardize the 50,000 vouchers already set-aside by Congress for this purpose.

There are three major HUD subsidized housing programs that can assist the lowest income households, including people with disabilities: (1) HUD public housing administered by PHAs, (2) HUD privately owned assisted housing with project based subsidies and (3) the Section 8 voucher program. Both the HUD public and assisted housing programs have “elderly only” policies that have allowed subsidized studio and one-bedroom units to be restricted to elderly households age 62 and older. In response to these federal “elderly only” policies, the Section 8 voucher program has been the only major HUD subsidized housing program still completely open to people with disabilities under age 62¹. It is also the only program that can begin to effectively mitigate the negative consequences of “elderly only” designation.

The CCD Housing Task Force has reliably estimated that “elderly only” policies have reduced the supply of HUD subsidized housing units available to people with disabilities by at least 400,000 units². Since 1997, Congress has used the Section 8 voucher program to directly respond to these negative consequences of designation through the appropriation of 50,000 new Section 8 vouchers set-aside for people with disabilities. It is critically important for Congress and HUD to retain control of Section 8 program policies so that the program can continue to be used for this purpose, which states may not deem to be important. If the Section 8 voucher program is converted to a flexible block grant controlled by the states, the federal government's ability to use Section 8 vouchers as a policy tool would be completely eliminated. There would also be no assurance that the 50,000 vouchers, that Congress this year required to be continuously available for this purpose, would be protected.

#5 - The CCD Housing Task Force believes that a Section 8 block grant could also jeopardize the 10,000 vouchers for people with disabilities in the Section 8 Mainstream program funded from the Section 811 Supportive Housing for Persons with Disabilities program.

¹ There are only two other HUD subsidized programs that can assist people with disabilities with the lowest incomes. The Section 811 Supportive Housing for Persons with Disabilities program only funds 25,000 units of non-profit owned housing and provides only 1,500 new units per year. HUD's McKinney Homeless Assistance programs can only assist people with disabilities who have already become homeless.

² In 1996 the Technical Assistance Collaborative and the CCD Housing Task Force published a report estimating that at least 273,000 units would be “elderly only” by 2000 – and estimate questioned by both HUD and Congressional officials. However, a congressionally mandated inventory of HUD assisted housing soon to be completed by HUD will likely show that the number of studio and one bedroom units restricted to elderly households and therefore not available to people with disabilities under age 62 may be much higher than the original 273,000 estimate.

HR 1841 makes absolutely no mention of the 10,000 Section 811-funded rent subsidies administered as Section 8 vouchers. This oversight illustrates the reason why the CCD Housing Task Force continues to pressure both HUD and the Congress to “undo” this flawed program policy which was initiated by HUD in 1997. As CCD has stated on many occasions, the 10,000 Section 811-funded vouchers are virtually indistinguishable from other Section 8 vouchers, even though they are paid for with scarce Section 811 funding. The fact that these vouchers are “lost” in a block grant proposal covering 1.8 million vouchers is just the latest evidence arguing for the creation of a Section 811-funded rental assistance program exclusively for people with disabilities that can be monitored appropriately by HUD.

#6 – The CCD Housing Task Force is opposed to HR 1841 because it eliminates the Section 8 project based assistance program – a vitally important new resource for people with disabilities.

The Section 8 project based assistance program has great potential for assisting people with disabilities who have difficulty obtaining the housing they need in the private rental housing market. The CCD Housing Task Force is opposed to HR 1841 because it eliminates project based assistance as an eligible activity and therefore is less responsive to the housing problems which people with disabilities experience on a day to day basis.

The project based voucher program is beginning to address these problems by:

- Creating or securing accessible and barrier-free housing needed by people with disabilities who have mobility or sensory impairments. This type of housing is very difficult to secure in the rental housing market with a tenant based voucher.
- Providing a longer term commitment to developers interested in expanding affordable housing or permanent supportive housing for people with disabilities.
- Reducing the reliance on private market landlords who still discriminate against people with disabilities seeking housing

#7 – The CCD Housing Task Force believes that there is clear evidence that a state administered block grant won’t work.

There is strong evidence that many state governments do not have the capacity to administer a rental assistance block grant program. Many states are opposed to the block grant proposal because they understand the problems states would be inheriting. Currently, there are states doing a poor job administering the Section 8 voucher program – which does not bode well for the radical changes proposed in H.R 1841. Some states have no experience with the Section 8 tenant based program at all and would be starting from scratch. Many states would have little choice but to work with the same local PHA system now administering the program, which means that HR 1841 creates an additional administrative layer that is not cost effective. Mobility and portability would also be more difficult to administer across states.

These are just few examples of the problems which would be created by a state administered block grant – problems which would cause chaos in the delivery of a \$12 billion federal program. People with disabilities who are desperate for federal housing assistance cannot afford to wait until this chaos subsidies – which could take years.

#8 – HR 1841 does not include reforms of Section 8 needed to make the program more responsive to the housing needs of people with disabilities.

The CCD Housing Task Force feels strongly that outside of a proposal to block grant Section 8 as envisioned by HR 1841, there are several reforms that are needed to create greater flexibility and needed improvements so the program can more effectively serve people with disabilities. In particular, CCD supports reforms that would:

- increase local flexibility in setting maximum rents to deal with the ineffectiveness of vouchers in high cost markets (granting PHAs limited authority to increase their Fair Market Rents to a maximum of 120% of the area's fair market rent),
- enhance flexibility to facilitate the use of vouchers in units in lower-poverty neighborhoods that are developed with HOME funds or Low Income Housing Tax Credits,
- provide additional assistance for voucher-holders to find decent and safe housing by authorizing PHAs to use existing funding to provide landlord outreach and education and apartment-search assistance to voucher-holders as well as assistance with security deposits, application fees and credit checks,
- establish a new option for PHAs to turn a limited portion of their available vouchers into lower cost "thrifty vouchers" that can be attached to a new housing development (or to a development that is rehabilitated or preserved), and
- create new options that would make it easier to administer the project-based component of the voucher program and to attach vouchers to buildings to better serve people with severe mental disabilities that have intensive support needs to live in the community.

Conclusion

Mr. Chairman, the CCD Housing Task Force urges Congress and HUD to work together seek solutions to these issues – solutions such as regional administration and improvements to the project based assistance component of the program – which could help more people with disabilities take advantage of the Section 8 voucher program. It is critical that Congress not "throw the baby out with the bathwater" by supporting ill-conceived and flawed proposal to block grant this critically important program. Instead, we urge Congress to work to remove the statutory barriers and regulatory complexity that prohibit better administration by PHAs.

Thank you for the opportunity to share our views with the Subcommittee on this important issue.