



**CONSORTIUM FOR CITIZENS  
WITH DISABILITIES**

**HOUSING FOR PEOPLE WITH DISABILITIES AND THE PRESIDENT'S FY 2006  
HUD BUDGET PROPOSAL**

*50% Cut Proposed for Section 811, 30-Year HUD Commitment to Funding for Supportive  
Housing Production Eliminated, Funding for Section 8 Vouchers Increased*

Overall, funding for the Department of Housing and Urban Development (HUD) would shrink by 11.5%, or \$3.7 billion below current levels. In a surprise move, the President's budget proposes an unprecedented deep cut for the Section 811 program, the only program at the Department of Housing Urban Development (HUD) that still produces housing for non-elderly people with disabilities.

The President's budget would cut Section 811 in half, dropping funding down to \$120 million from its current level of \$238 million. More importantly, the budget proposes to completely eliminate all funding for new unit production in FY 2006 by zeroing out the capital advance/project-based side of the program. This is the 75% of HUD 811 funding that supports capital grants and project-based rental assistance for non-profit disability groups to develop new units of permanent supportive housing.

Instead, the President's FY 2006 budget proposes to direct the remaining \$120 million in the Section 811 program to renewal of existing rent subsidies (both tenant-based and project-based), with a small amount left to fund new tenant-based subsidies. Specifically,

\$80 million would be directed to tenant-based renewals, \$5 million for project-based renewals (also known as PRACs) and \$45 million of new tenant-based contracts. This means that more than 70% of all 811 funds would be consumed by the cost of renewing (i.e. keeping in place) housing funded under the program in previous years.

Moreover, the elimination of the capital advance/project-based side of the program would end a 30-year commitment from HUD to support the production of new housing targeted to non-elderly people with severe disabilities (including severe mental illnesses). Reliance solely on tenant-based assistance (portable rent subsidies that rely on voucher recipients being able to find rental housing on their own) also represents a major change in the targeting of 811 away from people with more severe impairments who need housing related supports.

By contrast to the 50% cut to the Section 811 program, the budget proposes to level fund 811's cousin for the elderly, Section 202 at \$741 million. In fact, under the proposed budget Section

202 would actually produce more new units in FY 2006 through the redirection of funds previously allocated to planning grants.

## **Section 8**

The President's budget does propose a \$1.079 billion increase for the Section 8 voucher program for FY 2006, boosting funding to \$15.845 billion. Section 8 is by far the largest program in HUD's overall \$28.5 billion request (nearly 62% of the entire budget). While Section 8 continues to grow, the levels are recommended in the budget are just enough to renew the estimated 2 million vouchers that are currently in use. This is because funding in the program is driven by costs in the rental housing market and changes in tenant income (the program pays the difference between what a rental unit costs, and what the voucher recipient can afford to pay).

It is unclear at this point if HUD's Section 8 request for FY 2006 is sufficient to meet the cost of renewing all vouchers under lease. This past month, all housing authorities administering Section 8 were told that their allocation for the current fiscal year would be cut by 4%. As a result, most housing agencies are expected to continue holding back unused vouchers and demanding higher tenant contributions from people in their programs. Thus, HUD will likely be renewing vouchers for a program that continues to shrink.

Moreover, the budget notes that HUD intends to come forward with legislation to accelerate conversion of Section 8 funding to a "budget-based" program as opposed to a "unit-based" program. Under a budget-based system, funding to housing agencies is capped at a fixed amount that does not account for increased rents or changes in tenant income. NAMI remains concerned that these changes (including elimination requirements to target vouchers to extremely low-income households) will make it ever more difficult to target assistance to individuals with mental illnesses living on SSI.

## **Homeless Funding**

In a rare bright spot for the HUD budget, the President is requesting a \$200 million increase for programs under the McKinney-Vento Homeless Assistance Act, boosting funding to \$1.44 billion. This includes \$200 million for the President's Samaritan Initiative to end chronic homelessness – including new grants for permanent housing paired with case management targeted to individuals and families experiencing long-term chronic homelessness. In addition, HUD is requesting \$25 million as part of an interagency initiative on reintegration of criminal offenders returning from prison.

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