



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

**STATEMENT OF ANDREW SPERLING, DIRECTOR OF LEGISLATIVE ADVOCACY,
NATIONAL ALLIANCE ON MENTAL ILLNESS
ON BEHALF OF THE CONSORTIUM FOR CITIZENS WITH DISABILITIES HOUSING
TASK FORCE
ON THE SECTION 8 VOUCHER REFORM ACT**

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

MARCH 9, 2007

Chairwoman Waters, Representative Biggert and members of the Subcommittee, I am Andrew Sperling. I am here today presenting this statement on behalf of the Consortium for Citizens With Disabilities (CCD) Housing Task Force. The CCD Housing Task Force is a coalition of national organizations representing people with disabilities, their family members, providers of housing and supportive services and advocates. Among the groups that are part of the CCD Housing Task Force are Easter Seals, the United Spinal Association, United Cerebral Palsy, the National Multiple Sclerosis Society, the National Disability Rights Network, Paralyzed Veterans of America, the American Network of Community Options and Resources, Mental Health America, the National Alliance on Mental Illness, The Arc, and Lutheran Services in America.

Non-Elderly People With Disabilities Are Priced Out of the Rental Housing Market

People with disabilities have the highest level unmet need for housing assistance of any group eligible for federally subsidized housing assistance. A new Technical Assistance Collaborative (TAC/CCD Housing Task Force study – *Priced Out in 2006* – documents the alarming housing crisis experienced by extremely low income people with disabilities who need assistance from the Housing Choice Voucher program. The study compares HUD Fair Market rents for modest housing to the monthly Supplemental Security Income (SSI) received by people with the most serious and long-term disabilities in 2006. Among the key findings are the following:

- In 2006, SSI recipients needed to pay more than their entire monthly income to rent a modest one bedroom or efficiency/studio unit;

- In 2006, modest one bedroom units cost 113 percent of SSI monthly income and studio units cost 101 percent of SSI;
- The 3+ million people with disabilities between age 18-62 who received SSI payments averaging \$632 per month (the national average monthly SSI payment in 2006 was \$632 – a calculation which includes state SSI supplements provided to all people with disabilities living independently) or \$7,584 per year – had incomes equal to only 18.19 percent of the national median income for a one-person household;
- Since the first *Priced Out* study was published in 1998, the housing affordability “gap” for people with disabilities has almost doubled. In 1998, people receiving SSI needed to pay 69 percent of their income for a one bedroom unit compared to the 113 percent of SSI required for a one bedroom unit in 2006;
- Since 1998, modest rents have continued to increase at double the rate of SSI cost of living increases.

The Importance of Section 8 to Non-Elderly People With Disabilities

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. HUD data reveal that in most agencies, as many 20% of households receiving Section 8 are headed by individuals with disabilities. This means that as many as 300,000 to 400,000 of the estimated 2 million tenant-based vouchers currently in use are being utilized by people with disabilities to access affordable rental housing. This far outstrips other HUD programs that are specifically targeted to people with disabilities such as Section 811 and the permanent housing programs under McKinney-Vento.

The Disability Community Supports SEVRA

The CCD Housing Task Force would like to express support for the current draft of the SEVRA legislation. In our view, this legislation would make a number of important changes to make the Housing Choice Voucher program more responsive to the affordable rental housing needs of non-elderly people with disabilities.

1) SEVRA would establish a more efficient voucher funding policy

SEVRA’s most important change would be to establish a new formula for distributing voucher renewal funds to state and local housing agencies. Since 2004, funds have been provided under a series of flawed formulas that have given some agencies less funding than they need to cover the costs of their vouchers — forcing them to cut back on assistance to needy families — while providing other agencies with more funds than they can use. SEVRA would replace this flawed formula with one that would match funding more closely to an

agency's actual needs and reward agencies that use more of their voucher funds. That would encourage housing agencies to put more vouchers into use, while at the same time ending the waste that occurs under the current system.

CCD is extremely pleased that the FY 2007 continuing funding legislation that cleared Congress last month largely adopts the renewal formula in SEVRA. This is a major step in addressing the inefficiencies in the Section 8 rental voucher funding formula that has been used over the past three years. This new formula (based on 12 months of cost experience) will replace one that was based on outdated information that has resulted in the net loss of as many as 150,000 vouchers since 2004, basing funding closer to actual rental costs and leasing rates.

2) SEVRA helps streamline the rules for determining tenants' rent payments

As you know, tenants in HUD's rental assistance programs are required to pay 30 percent of their income for rent, after certain deductions are applied. SEVRA would streamline several aspects of the process for determining tenants' incomes and deductions in order to reduce administrative burdens on housing agencies and private owners of subsidized housing.

Most importantly, SEVRA also would allow housing agencies to review the incomes of tenants with disabilities living on fixed incomes (such as SSDI and SSI cash benefits) every three years, instead of every year and to assume that in the intervening two years, the tenant's income rose at the rate of inflation (which is used to make annual cost-of-living adjustments to many fixed-income benefits).

In addition, SEVRA also makes a number of important changes in rent calculations to that will allow people with disabilities with the lowest incomes some modest relief in their rent burden and provide them some help in meeting basic living expenses. These include statutory changes to earned income disregard and standard deductions for people with disabilities and seniors. These changes will continue to provide incentives to help people with disabilities achieve (and more importantly maintain) employment. SEVRA would also require agencies to base rents of working people with disabilities on actual earnings in the previous year rather than on anticipated earnings in the coming year, which would minimize the need for subsequent mid-year adjustments in rents. CCD looks forward to working with the Subcommittee to ensure that any changes made by SEVRA to rent calculations or earned income disregards do not inadvertently create a disincentive to employment for people with disabilities.

Finally, to reduce administrative burdens, as well as improve the effectiveness of the voucher program for people with disabilities, CCD recommends that PHAs be granted the authority, without having to seek HUD approval, to increase the payment standard as a reasonable accommodation to persons with disabilities.

The proposed language is taken from the 2002 Sarbanes voucher reform bill, and is consistent with previous HUD Section 8 Certificate and Voucher Program policy that was in place from 1976-1998. Specifically, such authority would allow PHAs to approve exception rents for people with disabilities up to 120% of the payment standard as opposed to the 110% in place now (under the old certificate program it was 120%, but was changed by HUD to 110% in 1999).

3) SEVRA creates greater flexibility for agencies while maintaining targeting to extremely low-income households

Currently, a housing agency must allocate 75 percent of the vouchers it issues each year to households with incomes at or below 30 percent of the area median income (AMI). In areas with unusually low median incomes, this requirement prevents agencies from serving certain needy families, including some low-wage working families. SEVRA would address this issue by requiring agencies to issue 75 percent of their vouchers each year to households with incomes at or below (a) 30 percent of the local median income *or* (b) the federal poverty line, whichever is higher. This would give added flexibility to agencies in the lowest-income areas while maintaining the program's emphasis on assisting the families most in need.

More importantly, SEVRA keeps in place a basic principle of current law with respect to the Housing Choice Voucher program – targeting to extremely low-income households. This is a critical element of the voucher program for the disability community. ELI targeting ensures that non-elderly people with disabilities living on SSI are able to effectively access the voucher program. Over the past two decades, we have seen other affordable housing resources – especially public and assisted housing increasingly adopt targeting and occupancy rules that disfavor people with disabilities. This has occurred as a result of “elderly only” housing policies and enhanced flexibility for PHAs and private owners. As a result, Section 8 has become one of the few remaining resources that can serve individuals living on SSI (as noted above, these individuals are at an average of 18.19 percent area median income).

Loosening of overall income targeting rules would be a disaster for people with disabilities. The State of the Nation's Housing 2006 report by the Joint Center at Harvard University makes it clear that people with disabilities are twice as likely to have incomes below 30 percent of AMI than other households. According to the 2005 American Community Survey, they are also disproportionately rent-burdened. For example, 51% of single person renter households with disabilities below 30 percent of AMI are rent burdened. The CCD Housing Task Force strongly supports maintaining the current extremely low income household targeting requirements as a mechanism to ensure that the lowest income people with disabilities have as much access as possible to available Housing Choice Vouchers

The CCD Housing Task Force is especially concerned that SEVRA not be used as an opportunity for expansion of the Moving to Work program. As you know, the MTW program began as a public housing demonstration program in 1996. Approximately 25 of the 30 public housing agencies (PHAs) selected by HUD to participate in MTW still have active demonstration programs. HUD's January 2004 evaluation of MTW found that the demonstration was not designed as a rigorous research demonstration with clearly defined changes to be evaluated or a set of controls for the comparison of outcomes. The disability community is concerned that expansion of MTW would endanger a range of protections that currently exist in Section 8 and allow agencies to use their discretion to:

- Separate of rents from incomes, leaving open the likelihood that rents could be raised far above what residents with extremely low incomes can afford (people with disabilities living on Supplemental Security Income – SSI).
- Shift scarce housing resources away from residents with the lowest incomes, who have the greatest housing needs.
- Impose time limits on housing assistance.
- Allow agencies to impose higher minimum rents and work requirements.

We at CCD are especially concerned that this increased flexibility would also allow public housing agencies to disregard their statutory requirements in order to cope with continued funding cuts. Further, neither HUD nor any reputable independent research organization, has yet to undertake the research, accountability and tracking needed to reach definitive conclusions as to whether or not MTW has achieved any recognized outcomes. What is clear is that current residents, particularly extremely low-income individuals (including people with severe disabilities) in need of affordable housing, must be protected from MTW's worst outcomes, including shifting scarce resources to higher income groups, implementing unaffordable rents and requiring draconian time limits and work requirements.

Project-Based Voucher Reforms

In 2001, Congress substantially revised the authority for housing agencies to use voucher funds to enter into contracts for project-based rental assistance. It was not until October 2005 that HUD finalized the regulations implementing the program. Though the final regulations addressed many of the challenges encountered during the initial years of operation under the revised statute, lingering obstacles still inhibit the ability of agencies to partner with private-sector partners to promote development of effective models such as permanent supportive housing targeted to people with disabilities.

The CCD Housing Task Force supports the Velazquez Amendment that was added to HR 5443 last year, as well as language in the current draft of SEVRA that would give PHAs flexibility in setting rents for units receiving project-based voucher assistance, including for units also benefiting from the Low Income Housing Tax Credit (LIHTC) assistance. In addition, CCD urges this Subcommittee to consider additional improvements that would allow for:

- Better coordination with other federal housing programs;
- Meet the accessibility and/or service needs of people with disabilities and individuals that have experienced chronic homelessness for whom tenant-based vouchers may fall short; and
- Strengthen partnerships between PHAs and private-sector housing providers.

HUD Must Ensure Accountability For Vouchers Targeted to People With Disabilities

Over the past decade, Congress has set aside two major allocations of tenant-based rental assistance for non-elderly people with disabilities. First are the so-called “Frelinghuysen” vouchers for non-elderly people with disabilities in communities where public and assisted housing has been designated as “elderly only”. There were approximately 50,000 of these vouchers allocated by Congress between 1997 and 2001. Second is the Mainstream Housing Opportunities for Persons with Disabilities tenant-based assistance program that is funded and renewed through the Section 811 Supportive Housing for Persons with Disabilities program. There are approximately 14,000 of these vouchers that were awarded to PHAs and non-profit organizations.

In recent years, CCD has become increasingly concerned that HUD has exercised little oversight over how PHAs are administering these vouchers to ensure that they remain available as Congress intended only for the targeted population – non-elderly people with disabilities. It was not until February 2005 that HUD issued guidance to PHAs detailing their ongoing obligation to ensure that these vouchers remain targeted upon turnover to the population Congress intended. This is especially troubling in the case of Mainstream tenant-based vouchers funded from Section 811 since the renewal burden – now over \$80 million – consumes more than 30 percent of the entire Section 811 appropriation for 2007. More troubling is the fact that the proposed 50% cut in the President’s FY 2008 budget for Section 811 – if enacted – would mean that these 14,000 Mainstream vouchers would absorb more than 75 percent of the entire Section 811 budget.

Madam Chair, the CCD Housing Task Force looks forward to the opportunity to work with you to ensure that HUD’s follows up on this 2005 guidance to PHAs and increases oversight and compliance with housing agencies regarding their obligations to target these resources to the population Congress intended.

Conclusion

Madam Chair and Members of the Subcommittee, thank you for this opportunity to testify on behalf of the CCD Housing Task Force. The Housing Choice Voucher program is extremely important to people with disabilities, including the 3+ million people with serious and long term disabilities who rely on the federal SSI program for all their basic needs. The SEVRA legislation is an important step ... We look forward to working with you on this critical legislation.

American Association of People with Disabilities
American Network of Community Options and Resources
American Association on Intellectual and Developmental Disabilities
Association of University Centers on Disabilities
Bazelon Center for Mental Health Law
Easter Seals
Lutheran Services in America
Mental Health America
National Alliance on Mental Illness
National Association of State Mental Health Program Directors
National Disability Rights Network
The Arc of the United States
United Cerebral Palsy
United Spinal Association