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Federal Housing Assistance Programs

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Section 811 Supportive Housing for Persons with Disabilities Program[1]

The purpose of this U.S. Department of Housing and Urban Development (HUD) program is to provide funding for supportive housing for very low-income persons with disabilities who are at least 18 years of age. Capital advance funds are available for use in constructing, rehabilitating, or acquiring structures to be used for housing. These funds can be used to develop small group homes, independent living projects and units in multifamily housing developments, condominiums, and cooperative housing. Repayment of the capital advance is not required as long as the housing is available for at least 40 years.

Section 811 project rental assistance contracts are also available to cover the difference between what a tenant can pay in rent (30% of income) and the cost to operate the project. Each project must have a supportive services plan. The initial term of the project rental assistance contract is 5 years and can be renewed if funds are available.

In order to live in Section 811 housing, a household, which may consist of a single qualified person, must be qualified by HUD as very low-income [50% or below the area median income (AMI)] and at least one member must be 18 years old or older and have a disability, such as a physical or developmental disability or chronic mental illness.

Any nonprofit organization with a 501(c)(3) tax-exempt status is eligible to develop and receive funding for Section 811 projects. To do so, a 501(c)(3) must submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the capital advance amount it receives (as much as $10,000). HUD encourages prospective applicants to attend local HUD office workshops, which detail the application process, as well as local market conditions, building codes and accessibility requirements, preservation, displacement and relocation, and housing costs. Workshop attendance, however, is not mandatory.

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[1] U.S. Department of Housing and Urban Development (HUD). "Section 811 Supportive Housing for Persons with Disabilities." Retrieved September 21, 2009 from http://www.hud.gov/offices/hsg/mfh/progdesc/disab811.cfm.

Section 202 Supportive Housing for the Elderly Program[2]

The Section 202 program helps expand the supply of affordable housing with supportive services for very low-income persons age 62 and older. In addition, it provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities, such as cleaning, cooking, and transportation. Between 20-25% of Section 202 funding nationwide must be set aside for use in non-metropolitan areas. Capital advances are available for the construction or rehabilitation of a structure, or the acquisition with or without rehabilitation of structures that will serve as supportive housing. Section 202 project rental assistance contract funds are also available to cover the difference between what the renter can pay, and the cost of operating a project. Capital advances do not have to be repaid, provided the housing remains available for at least 40 years.

All private nonprofit organizations and nonprofit consumer cooperatives are eligible to apply. HUD encourages prospective applicants to attend local HUD office workshops, but attendance is not mandatory. Occupation is restricted to households that included at least one person who is 62 years old or older with incomes at or below the HUD-determined Very-Low Income Limit [50% or below the area median income (AMI)].

Section 8 Housing Choice Voucher Program[3]

The Section 8 Program is the federal government's primary approach in assisting very low income and disabled individuals afford housing on the private market through various voucher options. The program is federally funded, but a network of 2,600 state, regional, and local housing agencies distributes vouchers. Participants in Section 8 are responsible for finding their own housing. They may choose anything that meets the requirements of the program and are not limited to subsidized housing projects.

HUD administers Section 8 funds to Public Housing Agencies (PHAs) which, in turn, deliver vouchers to eligible families and individuals. The PHA directly pays the rental subsidy to the landlord and the residents pay the remainder. A housing voucher family must pay 30% of its monthly-adjusted gross income for rent and utilities.

The Homeowner's Voucher also gives families the opportunity to purchase their first home and helps with homeownership expenses. In order to be eligible for Section 8 subsidies, a participant's earnings must qualify as very low-income [50% or below the area median income (AMI)] for the county or metropolitan area in which they choose to live.

Long waiting periods are common of the voucher program due to high demand and limited housing resources. If the PHA of any given locality administers Section 8 vouchers and public housing, applicants can ask to be placed on both waiting lists.

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[2] U.S. Department of Housing and Urban Development. "Section 202 Supportive Housing for the Elderly." Retrieved September 21, 2009 from http://www.hud.gov/offices/hsg/mfh/progdesc/eld202.cfm.

[3] U.S. Department of Housing and Urban Development. "Section 8 Housing Choice Voucher Program." Retrieved September 21, 2009 from http://www.hud.gov/offices/pih/programs/hcv/.

Section 8/Single Room Occupancy (SRO)[4]

Section 8/Single Room Occupancy (SRO) program provides funding to moderately rehabilitate existing structures to create SRO housing for homeless *individuals* of very low-income [50% or below the area median income (AMI)] . SRO also gives many residents a fixed address to which essential benefits and other information can be sent.

In the case of an SRO, public housing agencies (PHAs) make Section 8 rental assistance payments to participating owners (i.e., landlords) on behalf of homeless individuals who rent the rehabilitated dwellings. The rental assistance payments cover the difference between a portion of the tenant's income (normally 30%) and the unit's rent, which must be within the fair market rent (FMR) established by HUD. Rental assistance for SRO units is provided for a period of 10 years. Owners are compensated for the cost of some of the rehabilitation (as well as the other costs of owning and maintaining the property) through the rental assistance payments.

A typical SRO structure is a residential building with small private rooms for a single individual. Shared space typically includes bathrooms, kitchens, living spaces, laundry rooms, and occasionally meeting rooms. Many rehabilitated SROs were formerly residential hotels or YMCA/YWCA's acquired by a sponsor through local government donation or tax delinquencies or condemnation. SRO project sponsors draw on several funding sources such as local government (34%), private lenders (30%), and state government (18%). Section 8/ SRO contract rents must be equal to or less than 75% of the fair market rent for an efficiency unit/studio apartment. The average operating cost of an SRO is $298 monthly, $3,570 yearly. It is not required but 47% of sponsors provided some support services, i.e. health exams, substance abuse counseling, job counseling, and literacy training.

Most residents of SRO housing are low-income, middle-aged, unemployed or unemployable males, formerly living in the streets or in shelters. The gender ratio is 70/30 male to female, which is typical of the overall ratio of single men and women without dependants experiencing homelessness.

The resident selection process can be very lengthy. Many sponsors are concerned about the lack of preservation policies for Section 8/ SROs. According to numerous sponsors the presence of the aforementioned support services are critical to the success of an SRO.

Hope VI[5]

The Hope VI program provides grants to public housing agencies (PHAs) to destroy severely distressed public housing units and replace them with new units or to dramatically rehabilitate existing units. The transformation process includes physical upgrades, managerial improvements, and implementations of social and community services to address the needs of residents. Hope VI relocates residents of public housing projects in order to replace dilapidated housing with

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[4] U.S. Department of Housing and Urban Development. "Single Room Occupancy (SRO)." Retrieved September 21, 2009 from http://www.hud.gov/offices/cpd/homeless/programs/sro/.

[5] U.S. Department of Housing and Urban Development. "Hope VI." Retrieved September 21, 2009 from http://www.nls.gov/offices/pih/programs/ph/hope6/index.cfm.

apartments and townhouses, meant to "blend" into the community and to integrate middle income residents into it.

This mixing of different economic classes in order to lessen concentrations of poverty in an area is the main goal of the program. Non-public housing residents and public housing residents live side by side in these newly erected or rehabilitated structures. Market-rate rentals, market-rate homeownership units, and low-income housing tax credit units all share the same Hope VI buildings.

The program provides support services to help residents get and maintain jobs. Often, families have to agree to counseling and employment services to qualify for residency within one of these projects and all individuals go through an intensive screening process. The main problem concerning Hope VI is its lack of one-for-one replacement of demolished housing. A large proportion of former residents loose their homes due to Hope VI, and, typically, these residents are of a lower income than those who remain. Most displaced residents are given Section 8 vouchers; however, Section 8 housing is scarce and waiting lists are long, often meaning that these vouchers are useless.

As a result, displaced families generally move into communities with already high concentrations of poverty and make them even higher. Ultimately, the Hope VI attempt at income-based class integration tends to lead to more economic stratification in areas outside the project. Every year the Administration requests no funding for Hope VI, and every year Congress restores funding and reauthorizes the program.

Public Housing[6]

The goal of this program is to provide rental housing for low-income families and for elderly and/or disabled individuals. HUD administers federal aid, in the form of annual grants, to local public housing agencies (PHAs), which in turn manage housing for lower income residents at rents they can afford, as well as providing them with technical and professional assistance. Rent, or Total Tenant Payment (TTP), is based on the renter's ability to pay based on the highest figure from among: 1) 30% of a resident's monthly adjusted income, 2) 10% of their monthly gross income, 3) their welfare shelter allowance, 4) a PHA-established minimum rent of up to $50. Eligibility for public housing is also based on a given individual or family's status as being either a family or as a disabled or elderly individual, and qualification as a U.S. citizen or eligible immigrant. HUD allows PHAs to exclude from annual income certain allowances for dependents or elderly or disabled individuals.

People applying for public housing commonly experience long waiting periods. In large cities, the wait can be up to 10 years. Generally, once residents are accepted into public housing they can stay as long as necessary, provided they comply with their lease. According to public housing policy no resident will be forced to move, regardless of income increases, unless there is affordable housing available for them on the private market.

[6] U.S. Department of Housing and Urban Development "HUD's Public Housing Program." Retrieved September 21, 2009 from http://www.hud.gov/renting/phprog.cfm.

HOME: Home Investment Partnerships Program[7]

This program provides formula grants to states and localities to fund activities which build, buy, or rehabilitate affordable housing units for rent or ownership. HOME is authorized under Title II of the Cranston-Gonzales National Affordable Housing Act and is the largest block grant to State and local governments intended exclusively to create affordable housing for low-income households. It provides direct rental assistance for such households, often in partnership with local non-profit groups.

HOME is designed to reinforce several principles of community development. It encourages flexibility by authorizing people to utilize housing strategies that work with their personal needs and priorities. In order to strengthen partnership among different levels of government and the private sector, HOME emphasizes the need for consolidated planning. Additionally, the program expands the capacity of community-based nonprofit housing groups. Another, unique, aspect of the HOME program is its requirement that all participating jurisdictions match twenty-five cents of every dollar granted with non-federal sources, including donated labor and materials. HOME establishes Home Investment Trust Funds for each grantee providing a line of credit that each jurisdiction can draw upon as needed. States are automatically eligible for HOME funds and receive either their formula allocation or 3 million dollars, whichever is greater. Local jurisdictions are eligible for at least $500,000 and under the formula can also receive an allocation.

Individual communities can qualify for separate allocations or can join one or more neighboring communities in a legally binding consortium. The formula used by HOME considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, fiscal distress and other factors. According to HUD, the eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80% of the area median.

Section 502 Rural Home Ownership Direct Loan Program[8]

Administered by the Rural Housing Service (RHS), an agency in the United States Department of Agriculture (USDA), Section 502 extends loans to low and very low income households (defined as those with income up to 80% of area median) in rural areas to build, repair, renovate, or relocate houses, including mobile/manufactured homes. Section 502 funds can be used to purchase and prepare sites and to pay for necessities such as water supply and sewage disposal. There is no down payment required and interest rates are subsidized. At least 40% of appropriated funds must be used to assist families with incomes less than 50% of the area median

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[7] U.S. Department of Housing and Urban Development "HOME Investment Partnership Program" Retrieved September 21, 2009 from http://www.hud.gov/offices/cpd/affordablehousing/programs/home/.

[8] U.S. Department of Agriculture, Rural Development (USDA RD). "Section 502 Direct Single Family Housing Loans." Retrieved September 21, 2009 from http://www.rurdev.usda.gov/la/Single%20Family%20Housing%20Program%20Information/Section_502_Direct_Program/Single_Family_Housing_PreQual_Info.htm.

income. Families must be without adequate housing, but be able to afford the mortgage payments including taxes and insurance. Loans are given for up to 33 years.

Households with adjusted incomes between 80% and 100% of median income (as defined by HUD) are eligible for the Section 502 single-family housing guaranteed loan program. Through this program banks or savings and loan institutions make the loans rather than the RHS.

Section 515 Rural Rental Housing Loans[9]

This program offers direct, competitive mortgage loans to provide affordable multifamily rental housing for very low, low, and moderate-income families, as well as elderly and disabled individuals. Section 515 is primarily a direct mortgage program but funds can also be used to buy and improve land and water and waste disposal systems.

According to the National Low Income Housing Coalition, while dramatic improvements have been made in rural housing quality over the last few decades, problems persist and many of rural America's 55.4 million residents experience acute housing problems that are often overlooked while public attention is focused on big-city housing issues. They also mention that nearly 30% of non-metropolitan households experience at least one major housing problem: high cost, physical deficiencies, or overcrowding. These problems are found throughout rural America but are particularly prevalent among several geographic areas and populations, such as the Lower Mississippi Delta, along the U.S.-Mexico border, Central Appalachia, and among specific groups such as farm-workers and Native Americans. More than one-third of rural renters, about 1.9 million households, are cost burdened, paying more than 30% of their income for their housing. Meanwhile, one in every ten rural rental households lives in either severely or moderately inadequate housing.

Those living in substandard housing receive top priority for Section 515 loans; next preference goes to very low-income households. Very low income is defined as below 50% of the area median income (AMI), low income is 50% to 80% of the AMI, and moderate status is capped at $5,500 above the low-income limit.

Individuals, partnerships, limited partnerships, for-profit corporations, non-profit organizations, limited equity co-ops, Native American tribes, and public agencies are all eligible to apply. For-profit borrowers can only operate on a limited-profit basis. Currently, Section 515 loans are made available on a competitive basis, using a national Notice of Funding Availability (NOFA). The program is administered by the United States Department of Agriculture (USDA) and is administered at the state and local level. Loans are for up to 50 years at 1% interest rate. Tenants pay whichever is greater, basic rent or 30% of their adjusted income.

[9] U.S. Department of Agriculture, Rural Development (USDA RD). "Section Rural Rental Housing Program (Section 515)." Retrieved September 21, 2009 from http://www.rurdev.usda.gov/hi/rural%20housing%20programs.htm#Rural_Rental_Housing_Program_(Section_515)
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Section 514/516 Farm Labor Housing Loans and Grants[10]

These loans and grants are used to buy, build, improve, or repair housing for farm laborers, including persons whose income is earned in on-farm processing and in aquaculture (fish and oyster farms). Funds can be used to purchase a site or a leasehold interest in a site, to construct or repair housing, day care facilities, or community rooms, to pay fees, to purchase durable household furnishings, and to pay construction loan interest. Loans are made to farmers, associations of farmers, family farm corporations, Native American tribes, non-profit organizations, public agencies, associations of farm workers and limited partnerships in which the general partner is a nonprofit entity.

Loans are for 33 years at 1% interest. Grants may cover up to 90% of development costs. Grants are made to farm worker associations, non-profit associations, non-profit organizations, Native American tribes and public agencies. Funds may be used in urban areas for nearby farm labor. Eligible tenants are domestic farm laborers who receive substantial portions of their incomes from farm labor. Eligibility is limited to citizens, or persons legally admitted for permanent residence. Legally admitted temporary laborers are not eligible, though retired or disabled farm laborers can remain as tenants if they were initially eligible.

FHASecure[11]

Beginning in September of 2007, the FHASecure has allowed homeowners who have a history of on-time mortgage payments under their original interest rates, but missed payments after their rates reset, to refinance into FHA's mortgage insurance program.

In 2008, FHA will insure over 240,000 FHASecure home loans –nearly two and one-half times the number served in 2007. The program is estimated to save the average subprime homeowner about $400 a month, or $30,000 over the expected life of the loan.

Recent Action: The National Housing Trust Fund[12]

In May of 2008, the U.S. Senate approved through committee "The Federal Housing Finance Regulatory Reform Act of 2008," an amendment to which create a federal housing trust fund supported by a dedicated source of revenue. A similar bill has already passed the House of Representatives. It is the hope of many advocates for low-income housing and the homeless that the Senate will approve the bill and send it to conference committee in the near future. According to the NLIHC, a national housing trust fund would produce and preserve 1.5 million units of affordable housing over the next 10 years.

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[10] U.S. Department of Agriculture, Rural Development (USDA RD). "Farm Labor Housing Program (Section 514/516)" Retrieved September 21, 2009 from http://www.rurdev.usda.gov/hi/rural%20housing%20programs.htm#Farm_Labor_Housing_Program_(Section_514/516).

[11] U.S. Department of Housing and Urban Development "FHASecure Fact Sheet – Refinance Options." Retrieved September 21, 2009 from http://portal.hud.gov/portal/page/portal/FHA_Home/Hot_topics_generic/FHASecure.

[12] National Housing Trust Fund, The (NHTF). "National Housing Trust Fund" Retrieved September 21, 2009 from http://www.nhtf.org/template/page.cfm?id=40.

Additional Resources and Information

Center on Budget and Policy Priorities (CBPP) Housing Policy. Available a: http://www.cbpp.org/pubs/housing.htm.

Housing Assistance Council (HAC) Information Sheets. Available at http://www.ruralhome.org/info.php.

HUD User. Stuart B McKinney Homeless Programs. Available at http://www.huduser.org/publications/homeless/mckin/sro.html.

National Low Income Housing Coalition (NLIHC) Publications. Available at http://www.nlihc.org/pubs/index.htm.

National Rural Housing Coalition. "Preserving Rural America's Affordable Rental Housing" Available at http://www.nrhcweb.org/news/515PreservationReport.pdf.

RIS Media. "New HUD Data Shows Program Has Helped 33,000 Prevent Foreclosures." Available at http://rismedia.com/wp/2007-12-03/new-hud-data-shows-program-has-helped-33000-prevent-foreclosures/.