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Federal Housing Assistance Programs

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SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES PROGRAM

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, and 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.

Any nonprofit organization with a 501(c)(3) tax-exempt status is eligible to receive Section 811 funds. 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, but workshop attendance is not mandatory. In order to live in Section 811 housing, a household that may consist of a single qualified person must be very low-income (within 50 percent of the median income for the area) 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.

SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM

This HUD-administered program provides supportive housing for very low-income persons age 62 and older. 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. The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. 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, transportation, etc. Capital advances do not have to be repaid, provided the housing remains available for at least 40 years. Section 202 project rental assistance contract funds are available to cover the difference between what the renter can pay, and the cost of operating the project.

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 household 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% of area median income (AMI)). Between 20-25% of Section 202 funding nationwide must be set aside for use in non-metropolitan areas.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

This is the federal government's major program for assisting very low-income families, elderly and disabled individuals to 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 can 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) that deliver the vouchers to eligible families and individuals. The PHA directly pays the rental subsidy to the landlord and the residents pay the remaining difference. The Homeowners 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 income cannot exceed 50% of the median income for the county or metropolitan area in which they choose to live. A housing voucher family must pay 30% of its monthly-adjusted gross income for rent and utilities. 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.

SECTION 8/SINGLE ROOM OCCUPANCY (SRO)

This program provides funding to moderately rehabilitate existing structures to create SRO housing for homeless *individuals* of very low income. 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. These 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.

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. SRO also gives residents a fixed address to which essential benefits and other information can be sent.

The typical resident of an SRO is low-income, middle-aged, unemployed or unemployable male, formerly living in the streets or a shelter. 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

This program provides grants to PHAs to destroy severely distressed public housing units and replace them with new units or dramatically rehabilitate existing units. The transformation process includes physical improvements, management improvements, and social and community services to address the needs of residents. It hopes to relocate residents in order to integrate low and middle-income communities. The program replaces dilapidated housing units with apartments or townhouses designed to "blend" into the community. This mixing of different economic classes is a major goal of Hope VI in order to lessen concentrations of poverty in the area.

Non-public housing residents and public housing residents live side by side in the 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 also provides support services to help residents get and keep jobs. Often, families have to agree to counseling and employment services to qualify for residency and individuals go through an intensive screening process. The main problem with Hope VI is the lack of one-for-one replacement of demolished housing and most displaced residents are given Section 8 vouchers. However, Section 8 housing is so scarce and has long waiting lists so they are often useless. Another possibility for displaced tenants is to move into other public housing in the area.

Typically the residents who are forced out of Hope VI housing are of lower income than those who remain. One major repercussion is that 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. Every year the Administration requests no funding for the Hope VI and Congress restores funding and reauthorizes the program.

PUBLIC HOUSING

The goal of this program is to provide rental housing for low-income families, elderly and disabled individuals. Several million households in the United States live in public housing. HUD administers federal aid, in the form of annual grants, to local public housing agencies (PHAs) that manage housing for lower income residents at rents they can afford and provides them with technical and professional assistance. Rent is paid based on the highest of: 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 either a family, or 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 many 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.

HOME: HOME INVESTMENT PARTNERSHIPS PROGRAM

This program provides formula grants to states and localities that communities use to fund a range of activities that 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 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 own 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. A very important aspect of HOME 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 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 rental 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

Administered by the Rural Housing Service (RHS), an agency in the United States Department of Agriculture (USDA), Section 502 makes 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 income (AMI). 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 rather than the RHS make loans.

SECTION 515 RURAL RENTAL HOUSING LOANS

This program provides direct, competitive mortgage loans to provide affordable multifamily rental housing for very low, low, and moderate-income families, and 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-metro households experience at least one major housing problem: high cost, physical deficiencies, or overcrowding. These problems are found throughout rural America but are particularly pervasive among several geographic areas and populations, such as the Lower Mississippi Delta, along the U.S.-Mexico border, and Central Appalachia, and among 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. One in every ten rural rental households lives in either severely or moderately inadequate housing.

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. Those living in substandard housing get top priority; next preference goes to very low-income households. Loans are for up to 50 years at 1% interest rate. Tenants pay whichever is greater, basic rent or 30% of their adjusted income.

Individuals, partnerships, limited partnerships, for-profit corporations, non-profit organizations, limited equity co-ops, Native American tribes, and public agencies are 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.

SECTION 514/516 FARM LABOR HOUSING LOANS AND GRANTS

These loans and grants are used to buy, build, improve, or repair housing for farm laborers, including persons whose income is earned in aquaculture (fish and oyster farms) and those involved in on-farm processing. 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 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.

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. Retired or disabled farm laborers can remain as tenants if they were initially eligible.

Loans are for 33 years at 1% interest. Grants may cover up to 90% of development costs.

RESOURCES:

Center on Budget and Policy Priorities (CBPP) Housing Policy. Available at: http://www.cbpp.org/pubs/housing.htm
Housing Assistance Council (HAC) Information Sheets. Available at: http://www.ruralhome.org/info.php
National Low Income Housing Coalition (NLIHC) Publications. Available at: http://www.nlihc.org/pubs/index.htm
U.S. Department of Housing and Urban Development (HUD) Public and Indian Housing. Available at: http://www.hud.gov/offices/pih/programs/hcv/index.cfm