



A PUBLICATION OF THE
TECHNICAL ASSISTANCE
COLLABORATIVE, INC. (TAC)
AND THE CONSORTIUM FOR
CITIZENS WITH DISABILITIES
(CCD) HOUSING TASK FORCE

WHAT'S INSIDE?

Expanding Affordable Housing Opportunities in Rural Areas	3
USDA Resources	4
Resources Controlled by State and Local Housing Officials	6
Resources for Homeless People in Rural Areas	10
Next Steps for the Disability Community	11

Currently, 23 percent of all residents of rural areas are people with disabilities compared to 18 percent in cities and larger urban areas.

Rural Housing Challenges

Meeting the Housing Needs of People with Disabilities in Rural Communities

By Emily Cooper, Ann O'Hara, and Maura Collins Versluys

Introduction

The housing problems of people with disabilities living in large cities – such as New York City and Chicago – often receive national attention. However, a large proportion of people with disabilities actually live in more rural parts of the country. Currently, 23 percent of all residents of rural areas are people with disabilities compared to 18 percent in cities and larger urban areas. Individuals in these areas face many challenges due to their rural surroundings including poor quality housing, fewer accessible units, and limited transportation options. They also have many of the same housing problems as their counterparts in metropolitan areas; even in rural areas where housing costs are typically lower, people with disabilities are still unable to afford safe and decent housing.

Because of the unique housing challenges facing rural America, the federal government has created a limited number of housing resources administered by the U.S. Department of Agriculture (USDA). The USDA housing funds are exclusively for use in rural areas and can be valuable resources for expanding housing options for people with disabilities in non-metropolitan areas. These rural programs are often combined with other “generic” affordable housing programs administered by the U.S. Department of Housing and Urban Development (HUD). All of these resources can be integral components of innovative strategies to address the housing crisis facing people with disabilities in rural areas.

This issue of *Opening Doors* examines the unique barriers people with disabilities face in locating and maintaining safe,

decent, and affordable housing in rural communities. It also describes the various housing resources available to address these barriers, including an overview of how these resources can be used and who controls access to them. In addition, this issue provides the disability community with the tools to partner with state and local housing officials to develop creative solutions to assist people with disabilities in rural areas of the country.



Barriers to Accessing Affordable Housing in Rural Areas

Unlike urban areas, in rural communities the majority of residents are homeowners. According to the Housing Assistance Council (HAC) – a national organization that assists local organizations in rural areas to build affordable housing – across the nation, over 72 percent of housing units in non-metropolitan areas are owner occupied as compared to 61 percent in metropolitan areas. While renter households make up a smaller percentage of households in non-metropolitan areas, they are more likely to have a severe housing cost burden, and have a greater chance of living in housing with major quality problems. These statistics highlight the shortage of affordable, good quality rental housing in rural areas.

Opening Doors

A housing publication for the disability community

OPENING DOORS is published as a joint effort by the Technical Assistance Collaborative, Inc., Boston, MA and the Consortium for Citizens with Disabilities Housing Task Force, Washington, DC.

The Technical Assistance Collaborative, Inc. is a non-profit organization that provides state-of-the-art technical assistance and training to housing and human service organizations so that they may achieve positive outcomes in their work on behalf of people who are disadvantaged and/or disabled. For more information, please contact the Technical Assistance Collaborative Inc., One Center Plaza, Suite 310, Boston, Massachusetts 02108. Phone: 617-742-5657 or Fax: 617-742-0509 or email: info@tacinc.org.



The Consortium for Citizens with Disabilities (CCD) is a national coalition of consumer, advocacy, provider, and professional organizations who advocate on behalf of people of all ages with disabilities and their families. CCD has created the CCD Housing Task Force to focus specifically on housing issues that affect people with disabilities.

CCD HOUSING TASK FORCE Co-CHAIRS

Suellen Galbraith
American Network of Community
Options & Resources (703) 535-7850
Kathy McGinley
National Association of Protection
and Advocacy System (202) 408-9514
Susan Prokop
Paralyzed Veterans of America (202) 416-7707
Andrew Sperling
National Alliance for the Mentally Ill (703) 524-7600

CCD HOUSING TASK FORCE MEMBERS

American Assoc. of People with Disabilities (202) 457-0046
American Assoc. on
Mental Retardation (202) 387-1968
American Congress of Community
Supports & Employment Svcs. (202) 466-3355
American Council for the Blind (202) 467-5081
American Speech-Language-
Hearing Assoc. (301) 897-5700
The Arc (202) 783-2229
Bazelon Center for Mental Health Law (202) 467-5730
Brain Injury Assoc. (703) 236-6000
Easter Seals (202) 347-3066
Internat'l. Assoc. of Psychosocial
Rehabilitation Svcs. (410) 789-7054
Nat'l. Assoc. of Developmental
Disabilities Councils (202) 347-1234
Nat'l. Assoc. of State Mental
Health Program Directors (703) 739-9333
Nat'l. Council for Community
Behavioral Health Care (301) 984-6200
Nat'l. Mental Health Assoc. (703) 838-7530
Nat'l. MS Society (202) 408-1500
NISH (703) 560-6800
Rehabilitation Engineering &
Assistive Technology Society of
North America (703) 524-6686
Title II Community AIDS
Nat'l. Network (202) 588-1775
United Cerebral Palsy Assoc. (202) 776-0406

The CCD Housing Task Force and the Technical Assistance Collaborative, Inc. would like to thank the Melville Charitable Trust for the generous support provided for the preparation and publication of *Opening Doors*, and for their continued commitment to addressing the housing needs of people with disabilities and people who are homeless.

© Copyright 2002 by the Technical Assistance Collaborative, Inc., All rights reserved.

Income of People with Disabilities

Although the cost of housing is generally lower in non-metropolitan areas compared to urban areas, low-income residents of rural communities still face acute housing affordability problems. For example, according to HAC, 68 percent of rural households earning less than \$10,000 annually pay more than 30 percent of their income for housing. Of these, 40 percent are paying more than half their income toward housing costs.

Under current federal guidelines, housing is considered affordable when the cost of monthly rent in addition to utilities does not exceed 30 percent of monthly household income. Households that pay between 30 and 50 percent of their income toward housing costs are considered to be “rent burdened” by the federal government. When the percentage of income spent on housing costs exceeds 50 percent, the household is considered to be “severely” rent burdened and have “worst case” needs for housing assistance. Using these federal affordability standards, a large number of households in rural communities currently have “worst case” housing needs.

This affordability crisis is particularly acute for people with disabilities living in these rural areas. According to *Priced Out in 2000: The Crisis Continues* written by the Technical Assistance Collaborative, Inc. (TAC) and the Consortium for Citizens with Disabilities (CCD) Housing Task Force, there is no rural housing market in the country where a person with a disability receiving Supplemental Security Income (SSI) benefits can afford a modest one-bedroom housing unit. **Table 1** below illustrates the percentage of monthly SSI benefits people with disabilities living in non-metropolitan housing markets would have to pay to afford a one-bedroom unit at HUD's Fair Market Rent in each state. A housing unit at the Fair Market Rent is meant to be modest, non-luxurious, and less expensive than the typical unit of that bedroom size in that geographic area.

As demonstrated in Table 1, even in Alaska – the state with the highest SSI monthly payment – people with disabilities receiving SSI still must spend over 73 percent of their monthly income toward the cost of a one-bedroom housing unit in the non-metropolitan areas of the state.

Quality of Housing in Rural Areas

Making matters worse, many households in these rural communities currently live in old, unsafe, and poor quality housing. Census data indicates that many homes do not have adequate plumbing, heating, waste disposal, electricity, or water sources. This lack of decent housing means that thousands of people with disabilities living in rural areas have had no choice but to live in unsanitary – and often unsafe – conditions.

Lack of Community Infrastructure

Lastly, the lack of transportation and community infrastructure in rural areas also poses significant problems for people with disabilities. Most rural areas lack adequate public transportation. Without accessible public transportation, low-income people with disabilities have difficulty getting to medical appointments or searching for affordable housing. People with disabilities may also become more isolated in rural areas if they cannot easily access commercial and recreational opportunities. There may be a shortage of accessible and available supportive services as well. People with disabilities in rural areas do often have more community support, however, which is why some people with disabilities prefer to live in rural areas close to family and friends.

Expanding Affordable Housing Opportunities in Rural Areas

Given the housing barriers currently facing people with disabilities in rural communities, it is important for the disability community to learn what resources are available to meet this housing need and how to ensure that people with disabilities get their “fair share.” There are two main sources of federal funding for affordable housing in rural communities: HUD and USDA resources. Although HUD administers the majority of federal affordable

Table 1: Percent of SSI Benefits Needed to Rent a One-Bedroom Housing Unit in Non-Metropolitan Areas

Non-Metropolitan Areas	SSI Monthly Payment	% SSI for 1-Bedroom
Alabama	\$512	59.8%
Alaska	\$874	73.5%
Arizona	\$512	76.3%
Arkansas	\$512	56.8%
California	\$692	64.9%
Colorado	\$512	91.3%
Connecticut	\$747	77.7%
Delaware	\$512	89.6%
Florida	\$512	90.5%
Georgia	\$512	70.2%
Hawaii	\$517	150.6%
Idaho	\$565	61.7%
Illinois	\$512	60.5%
Indiana	\$512	67.0%
Iowa	\$512	66.7%
Kansas	\$512	63.5%
Kentucky	\$512	60.1%
Louisiana	\$512	59.4%
Maine	\$522	80.9%
Maryland	\$512	90.7%
Massachusetts	\$626	83.4%
Michigan	\$526	66.3%
Minnesota	\$593	60.0%
Mississippi	\$512	60.0%
Missouri	\$512	56.9%
Montana	\$512	71.1%
Nebraska	\$519	62.1%
Nevada	\$512	95.0%
New Hampshire	\$539	93.1%
New Mexico	\$512	63.7%
New York	\$599	76.2%
North Carolina	\$512	70.1%
North Dakota	\$512	58.6%
Ohio	\$512	68.9%
Oklahoma	\$565	52.3%
Oregon	\$514	79.7%
Pennsylvania	\$539	70.2%
Rhode Island	\$576	115.2%
South Carolina	\$512	70.1%
South Dakota	\$527	68.9%
Tennessee	\$512	56.9%
Texas	\$512	64.9%
Utah	\$512	79.2%
Vermont	\$571	84.3%
Virginia	\$512	76.5%
Washington	\$519	78.6%
West Virginia	\$512	64.0%
Wisconsin	\$596	57.9%
Wyoming	\$522	68.3%

Note: The District of Columbia and New Jersey do not have any HUD-defined non-metropolitan areas.

Data in Table 1 extracted from *Priced Out in 2000: The Crisis Continues* available online at www.tacinc.org

housing programs, none of these programs focus **exclusively** on rural areas. The USDA is responsible for managing those housing programs that specifically target the distinct housing needs of people who live in rural areas, including people with disabilities.

USDA Resources

Within the USDA, housing programs are administered by the office of Rural Development. The goal of Rural Development is to increase both the amount and the quality of housing in rural areas of the country by promoting and financing housing activities including homeownership, housing rehabilitation, rental assistance to tenants of multifamily housing, housing for farm laborers, multi-family housing, and community facilities.

The Rural Development headquarters is located in Washington, DC; however, there are Rural Development offices in most states (some small states have merged offices and now cover larger multi-state jurisdictions). Each state office has a Director who helps decide funding priorities for the jurisdiction.

A list of state Rural Development offices is available online at www.rurdev.usda.gov/recd_map.html.

Section 515 – Rural Rental Housing Program

Most housing experts believe that because of the rental housing quality and accessibility issues present in rural areas, development of new housing is essential. The USDA Rural Rental Housing Program can be used to accomplish this goal. The Rural Rental Housing Program, also called the Section 515 program, provides low-interest loans to finance affordable multifamily housing or congregate housing for families, elders, and people with disabilities who have very low, low, or moderate incomes. Section 515 loans can be used to purchase, construct, or rehabilitate housing. Loans are available for up to 30 years with only a one percent interest rate, which helps keep rents affordable.

Section 515 funds are federal funds allocated to states on a formula basis and administered by Rural Development. In fiscal year 2002, the Section 515 program was funded at over \$114 million. Funds are awarded competitively by Rural Development to interested housing developers including individuals; partnerships; state and local agencies; and for-profit and non-profit organizations. Each year, Rural Development State Directors use housing needs data to create a list of communities within each state that are eligible for Section 515 funding. This list is published in the Federal Register in a Notice of Funding Availability (NOFA), usually in early winter. This NOFA includes information needed to complete a Section 515 application and the criteria used for evaluating applications and awarding funds.

Section 515 Income Targeting

The Section 515 program has income targeting requirements that make it a useful program for creating new affordable housing units for low-income people with disabilities in rural communities. Specifically, the

What Geographic Areas are Considered Rural?

Unfortunately, there is not one uniform definition of “rural” with regards to housing programs. Instead, many definitions are based on the standards used by a particular program or the specific context. For example, areas that are outside of the HUD-established Metropolitan Statistical Areas (MSAs) – the geographic areas used when determining HUD Fair Market Rents – are often called rural. However, the definition of a rural area most relevant for rural housing purposes is the one utilized by the USDA for its rural housing programs. According to the USDA, a rural area is:

- Situated in open country that is not part of or associated with an urban area; or
- A town, village, city, or place, including the immediately adjacent densely settled area, that meets one of the following descriptions:
 - A population of 2,500 or less and not part of or associated with an urban area.
 - A population of 10,000 or less if it is rural in character.
 - A population of 20,000 or less, located outside a MSA, and having a serious lack of mortgage credit for low- and moderate-income households (as determined by HUD and the USDA).

Section 515 program requires that 95 percent of the tenants moving into **new** Section 515 projects and 75 percent of new tenants moving into **existing** projects be very low income (defined as having incomes below 50 percent of the area median income). Nationally, people with disabilities receiving SSI benefits have incomes equal to 18 percent of the one-person median income and should receive priority access to any housing built with Section 515 funds.

The Section 521 Program and the Need for Rental Assistance

Almost all agencies that apply for Section 515 resources also apply for Section 521 funding at the same time. The Section 521 program – also known as the Rental Assistance Program – is a project-based subsidy that can be attached to Section 515 housing. With Section 521 rental assistance, tenants of a 515-funded property pay only 30 percent of their income toward rent and utilities. The Section 521 funding makes up the difference between the tenant's share and the rent for the unit.

Although Section 515 projects are prioritized for Section 521 funding, the demand for these rental assistance resources far exceeds the available funding. In past years, there has not been nearly enough Section 521 funding available to subsidize all new (and existing) Section 515 properties. This problem is due in a large part to the fact that the majority of the funding allocated by Congress for the Section 521 program each year is spent renewing existing 521 rental assistance contracts.

Because of this renewal demand, there is virtually no Section 521 funding leftover each year to help subsidize rents in new Section 515 properties. Owners of these properties face a difficult challenge. Due to the strict Section 515 income requirements, most units must be offered to households with very low and low incomes. However, unless there is also a rent subsidy available to ensure affordability, the household must have enough income to pay the rent that the owner needs to charge to cover project costs.

Fortunately, in some rural areas the cost of developing and operating housing is less than in most urban areas. In this situation, owners can charge lower rents and still cover their costs. However, owners of Section 515-funded properties without rental assistance still face the dilemma of locating enough potential tenants that can pay the rent but still qualify as a very low-income household under Section 515 guidelines. Because of this challenge, some Section 515 properties suffer from vacancy problems.

Given the shortage of 521 funds, it is important to look at other housing resources to provide on-going subsidy for Section 515 projects. Two of these federal resources – Section 8 project-based assistance and McKinney/Vento Homeless Assistance – are described later.

Section 538 - Rural Rental Housing Guaranteed Loan Program

The Section 538 program (also known as the Rural Rental Housing Guaranteed Loan Program) is also administered through Rural Development and facilitates the construction, acquisition, and rehabilitation of rural multi-family homes. Through the Section 538 program, a housing developer applies to a private financial institution that meets established criteria – such as a bank – for a loan to develop new housing. The loan, which can be up to 40 years long, is then guaranteed by the USDA should the borrower subsequently default. This guarantee means that the developer can borrow money to build the housing at a more favorable interest rate and pass those savings on in the form of lower rents to tenants. Residents of housing developed through the Section 538 program must not have incomes that exceed 115 percent of the area median income.

Agencies interested in participating in the Section 538 program must submit applications in response to an annual NOFA. This NOFA details the program structure, including the limitations on the fixed-rate interest levels that banks and other financial institutions can charge through this program. Applicants for this

Owners of Section 515-funded properties without rental assistance still face the dilemma of locating enough potential tenants that can pay the rent but still qualify as a very low-income household under Section 515 guidelines.

Want to Get More Information?

TAC recommends the following websites as resource tools for people interested in rural housing in America. The descriptions below are summaries taken from each agency's website, and explain the services each organization provides.

Housing Assistance Council: www.ruralhome.org

The Housing Assistance Council (HAC) is a nonprofit corporation headquartered in Washington, D.C. that provides loans to community-based housing sponsors; technical assistance to organizations and developers improving low-income rural housing; and research and information.

National Rural Housing Coalition: www.nrhweb.org

NRHC works to focus policy makers on the needs of rural areas by direct advocacy and by coordinating a network of rural housing advocates around the nation.

National Rural Development Council: www.rurdev.usda.gov/nrdp/

The National Rural Development Partnership (NRDP) works to strengthen rural America through collaborative partnerships between local, state, tribal, and federal governments, as well as from the for-profit and non-profit private sector.

Rural LISC: www.ruralisc.org

Rural LISC provides Community Development Corporations (CDCs) with training; technical and financial support; and forge alliances among rural CDCs, funders, lenders, and policy makers to build support for rural CDCs.

Rural Community Assistance Corporation: www.rcac.org

RCAC is a nonprofit organization dedicated to assisting rural communities achieve their goals and visions by providing them with training, technical assistance, and access to resources. The RCAC Housing Services has three areas of emphasis: farm worker housing, self-help housing, and Community Housing Development Organizations.

W.K. Kellogg Collection of Rural Community Development Resources: www.unl.edu/kellogg/index.html

The W.K. Kellogg Collection of Rural and Community Development Resources is a library collection of materials relating to rural community development. The website has a complete database of the collection with a description for each item. Guidebooks, manuals, workshop materials, reports, books, and videos are included.

funding can be individuals; non-profit and for-profit agencies; units of local government; and community development groups in rural areas.

The Section 538 program is a potentially valuable resource for developing new housing affordable to **moderate** income people with

disabilities. However, as currently structured, it is a very complicated program that is not financially feasible for low-income households unless some type of rental assistance or other federal funding is added. Current regulations do not allow Section 538-funded properties to use Section 521 rental assistance. Thus, the owners of Section 538-funded housing face the same challenges as Section 515 owners in finding households that have **enough** income to pay the rent needed by the owner but do not exceed the Section 538 income eligibility limits.

Resources Controlled by State and Local Housing Officials

Although the USDA housing programs are targeted to rural areas – and are therefore a critical component to any strategy to create new housing for people with disabilities in these communities – new funding is very limited and the units developed are not always affordable to people with disabilities, particularly people with disabilities receiving SSI. However, HUD's affordable housing programs – specifically the HOME and Community Development Block Grant (CDBG) programs – are also invaluable resources for developing new affordable housing in non-metropolitan areas. As described below, each state receives an allocation of both HOME and CDBG funds. In order to receive these funds from HUD, all states (and certain local government jurisdictions), must have a HUD-approved Consolidated Plan (to learn more about the Consolidated Plan see *Piecing It All Together: Playing the Housing Game* available online at www.tacinc.org). It is important that the disability community hold state housing officials accountable for using these funds in rural areas of the state to expand housing opportunities for very-low income people with disabilities.

HOME Program

One of the resources controlled by state and local housing officials – and an extremely valuable resource for creating new affordable housing – is the HOME program. In fiscal year 2002, Congress appropriated \$1.7 billion for the HOME program. HOME funds are distributed every year by HUD to all states and directly to certain localities (referred to as “participating jurisdictions” or “PJs”) with states receiving 40 percent of the total funding and PJs receiving 60 percent. Most rural communities can obtain HOME funding through the state HOME program, which is usually administered through the state housing agency (sometimes known as the Department of Community Development or Community Affairs). To determine the HOME allocation for a state or locality, go to www.hud.gov/offices/cpd/about/budget/budget02/index.cfm.

HOME resources can be used to cover the cost of acquiring land and buildings, renovating properties, as well as constructing new rental housing. However, HOME funds cannot be used to fund on-going housing operating costs – a major drawback of the HOME program. Funds can be provided for projects developed by both for-profit and non-profit developers and can be made available in the form of grants or loans, which are designed to ensure affordability. To learn more about the HOME program, read issue 16 of *Opening Doors* available online at www.tacinc.org.

HOME Income Targeting

Housing developed with HOME funds must be for households with annual incomes at or below 80 percent of the area median income. However, there are virtually no requirements that a state or community set aside a portion of HOME funds for the lowest income households – that is, households with incomes below 30 percent of median. In fact, housing advocates often complain that people with disabilities with SSI benefits receive very little benefit from the HOME program.

HOME-funded properties face the same problems as Section 515 properties if there is not an on-going source of rental assistance. As stated above, HOME funds cannot be used to subsidize the operating costs of rental housing. Thus, without some form of on-going subsidy it is difficult for HOME-funded properties to have rents that are affordable to people with disabilities, particularly people with disabilities receiving SSI benefits. Unfortunately, most housing officials administering the HOME program are not familiar with strategies that can link HOME-funded development activities with rent subsidy programs.

HOME Tenant-Based Rental Assistance

In addition to the uses described above, the HOME program can also be used for tenant-based rental assistance. Congress specifically created the tenant-based rental assistance component of the HOME program so that extremely low-income households, including people with disabilities, could easily benefit from the program. HOME tenant-based rental assistance operates in much the same way as other federal rental assistance programs, such as the Section 8 voucher program (described on page 9). HOME funds can provide a rent subsidy directly to a landlord on behalf of an eligible household. The household selects the rental unit from those available in the community. The unit must meet the HOME program guidelines, which are similar to those used in the Section 8 voucher program.

A HOME tenant-based rental assistance program could be an effective strategy to provide people with disabilities with some type of housing assistance, especially in those non-metropolitan parts of the state where there may not be a Section 8 program. It is important that the disability community determine if the state is using or has ever used HOME funds for tenant-based rental assistance and advocate for using HOME funds for this purpose.

It is important that the disability community hold state housing officials accountable for using these funds in rural areas of the state to expand housing opportunities for very-low income people with disabilities.

Since states **must** use CDBG funding in non-entitlement areas, the disability community should hold state housing officials responsible for ensuring that CDBG resources are being used to expand housing opportunities for low-income people with disabilities in rural areas of the state.

Community Development Block Grant

The Community Development Block Grant program is another federal affordable housing program controlled by state and local housing officials. Similar to the HOME program, CDBG funding is allocated to every state and to CDBG “entitlement communities” (typically municipalities with populations over 50,000 and urban counties with populations over 200,000). In 2002, Congress appropriated over \$4.3 billion for the CDBG program. By law, thirty percent of this funding (or approximately \$1.3 billion) is allocated to states to be spent only in “non-entitlement communities,” including rural areas. Each state has different policies for distributing its CDBG funds. These policies should be outlined in the state Consolidated Plan. Since states **must** use CDBG funding in non-entitlement areas, the disability community should hold state housing officials responsible for ensuring that CDBG resources are being used to expand housing opportunities for low-income people with disabilities in rural areas of the state. For more information on using CDBG resources in rural areas, go to www.communitychange.org.

CDBG funding can be provided to non-profit agencies, housing developers, landlords, and other agencies as a grant or as a loan that must be paid back. At least 70 percent of CDBG funds must be used to benefit low- and moderate-income people by providing decent housing and a suitable living environment, and by expanding economic opportunities through the following activities:

- Housing rehabilitation (loans and grants to homeowners, landlords, non-profit organizations, developers);
- New housing construction (only if completed by non-profit groups);
- Purchasing land and buildings;
- Construction of public facilities, such as shelters for the homeless;
- Construction of neighborhood service centers or community buildings;

- Code enforcement, demolition, and relocation funds for people displaced because of CDBG projects;
- Making buildings accessible for people with disabilities or elderly persons; and
- Public services (capped at 15 percent of a jurisdiction’s CDBG funds) such as vocational services for people with disabilities, healthcare, and childcare.

Low Income Tax Credit Program

The Federal Low Income Housing Tax Credit (LIHTC) program administered by the U.S. Department of the Treasury is complicated but has proven to be a valuable resource for creating new housing in rural areas. Created in 1986, LIHTC creates incentives for investment in low-income housing development by giving federal tax credits to investors in affordable low-income housing. Private investors (such as banks or corporations) buy the tax credits from an affordable housing developer. The affordable housing developer then uses this money (called “equity”), usually in combination with other financing, to construct or rehabilitate affordable housing.

LIHTC equity can pay for two rental housing activities: constructing new units including single family homes, apartments, duplexes, or other housing; or substantially rehabilitating existing structures. The federal government sets basic long-term affordability requirements on projects. Under LIHTC, at least 20 percent of the units in a project must be reserved for households earning less than 50 percent of the area median income or at least 40 percent of the units must be reserved for households earning up to 60 percent of area median income. According to federal rules, LIHTC projects are required to accept applications from households with Section 8 vouchers, provided the household meets other tenant screening criteria (although this law is often ignored by property owners).

Because developers of affordable housing must often piece together various forms of financing, LIHTC has become a

critical piece of overall project financing. State Housing Finance Agencies administer the LIHTC program and allocate the credits to projects based on a Qualified Allocation Plan (QAP) that documents the funding priorities and scoring criteria for projects.

LIHTC financing can be combined with other housing funds – such as Section 515 resources – and can help make a rural housing development project more feasible. However, the application process is both difficult and highly competitive. Additionally, projects developed with LIHTC often have the same affordability problems as other properties. Without some sort of on-going subsidy in order to help pay the operating costs and debt service on any loans, the owner is forced to charge higher rents. Unfortunately, these rents are usually more than people with disabilities – particularly people with disabilities receiving SSI benefits – can afford.

Section 8 Housing Choice Voucher Program

In addition to rental assistance funding that can be tied to specific buildings or units to ensure their affordability for the long term, tenant-based rental assistance programs can also be valuable resources for expanding housing options for people with disabilities. While developing new affordable housing is a priority for rural areas, a comprehensive strategy to address the housing needs of people with disabilities should also involve a tenant-based rental assistance component.

The Federal Section 8 Housing Choice Voucher Program is a HUD program administered by Public Housing Agencies (PHAs). Section 8 funding can be used to provide both project-based and tenant-based rental assistance and is one of the most important federal housing programs available to assist people with disabilities. The Section 8 program provides a subsidy to assist households with monthly housing costs. The Section 8 household pays a portion of monthly housing costs that is based on the income of the household. The household's portion is usually – but not

always – equal to 30 percent of their monthly adjusted income. The difference between the household's share and the actual cost of the unit is paid for with a Section 8 voucher and based on the cost of moderately priced rental housing in the community.

There are approximately 2,600 PHAs across the nation administering Section 8 programs, including some PHAs in rural areas. For rural communities, it is important to determine if there is a local PHA that administers a Section 8 program in the area. Unlike urban PHAs that usually serve only a city or county, rural PHAs may serve a larger regional or multi-county area. Some states have a state PHA that administers the Section 8 program in the non-metropolitan areas of the state or where there isn't a local PHA (referred to as a "balance of state" program). A listing of all PHAs is provided online at <https://pic.hud.gov/pic/haprofiles/haprofilelist.asp>.

Section 8 Income Targeting

According to federal law, at least 75 percent of a PHA's Section 8 funding must be used to assist people with incomes at or below 30 percent of the area median income. Although people with disabilities receiving SSI benefits have incomes well below 30 percent of the median income, most of these individuals do not currently receive Section 8 assistance. It is important that the disability community make PHAs aware that SSI beneficiaries, as well as many other people with disabilities, will easily meet this income targeting requirement.

Types of Section 8 Rental Assistance

There are two types of rental assistance available through the Section 8 program: tenant-based and project-based. Section 8 tenant-based rental assistance helps people with disabilities to select rental housing that meets their individual preferences and needs, and that is fully integrated into the community. Specifically with tenant-based assistance, an eligible household receives a Section 8 rental voucher to use in a housing

For rural communities, it is important to determine if there is a local PHA that administers a Section 8 program in the area.

Similar to the Section 521 program, Section 8 project-based assistance can be used in affordable housing developed with other federal funds (e.g., Section 515 or HOME funding) in order to make these housing units affordable to people with incomes below 30 percent of median, including people with disabilities.

unit of their choice in the community. If the household moves to another unit, the voucher can be used in the new unit.

The primary barrier to implementing a tenant-based rental assistance strategy in rural areas is the lack of good quality rental units in many rural communities. Federal tenant-based rental assistance funding must be used in housing that meets federal housing quality standards. Unfortunately, in many communities there are not enough rental units, especially those that currently meet these standards.

In addition to tenant-based rental assistance, a PHA can use up to 20 percent of its Section 8 funding to provide project-based rental assistance. Through this program, rental assistance is committed to a specific unit or building to ensure affordability. A Section 8 eligible household who moves into that unit receives the benefits of the rental assistance. When the tenant moves out, the project-based subsidy stays with the unit to be available for the next eligible person who moves in.

Similar to the Section 521 program, Section 8 project-based assistance can be used in affordable housing developed with other federal funds (e.g., Section 515 or HOME funding) in order to make these housing units affordable to people with incomes below 30 percent of median, including people with disabilities. Given the significant shortage of Section 521 funding, Section 8 project-based assistance can be an invaluable resource for both Section 515 and Section 538 projects. It is important that the disability community encourage the local or state PHA to use Section 8 assistance in conjunction with these other federal housing programs.

For more information on the Section 8 Housing Choice Voucher Program – including both tenant-based and project-based rental assistance – read *Section 8 Made Simple: Using the Housing Choice Voucher Program to Assist People with Disabilities* available online at www.tacinc.org.

Resources for Homeless People in Rural Areas

Homelessness in rural areas often manifests itself differently than in urban areas. Instead of people living on the streets – as many urban homeless people do – rural homelessness often involves families or individuals living in abandoned buildings or other places not meant for human habitation, or camping in parks or fields.

Since 1986, HUD McKinney/Vento Homeless Assistance programs have formed the backbone of local efforts intended to address the many needs of homeless individuals and families in states and communities across the nation. Some rural communities have implemented successful strategies to address homelessness using these resources. However, many rural areas still have not taken advantage of this funding opportunity.

In recent years, to increase the amount of permanent housing developed through these programs, Congress has required HUD to spend at least 30 percent of the entire McKinney/Vento appropriation on permanent housing – approximately \$302 million in funding in fiscal year 2002. This permanent housing “set-aside” in McKinney/Vento funding is an incentive for non-profit organizations and governments to use these funds to expand housing opportunities for homeless people with disabilities. HUD will even increase a community’s homeless funding formula if the community prioritizes permanent housing in its application for McKinney/Vento funding.

Continuum of Care

In 1994, HUD introduced the Continuum of Care model to encourage communities to address the problems of housing and homelessness in a more coordinated, comprehensive, and strategic fashion. The strategic planning conducted through the Continuum of Care process also forms the basis of a Continuum of Care plan and application to HUD for McKinney/Vento funding.

Local Continuum of Care groups determine the geographic area that makes up the Continuum of Care “system” based on how homeless programs and services are organized and delivered. Thus, a Continuum of Care could consist of a single city, certain areas outside of city limits, entire counties, multi-county regions, or an entire state. In order to address rural homelessness, some states have created “balance of state” Continuum of Care planning groups. This “balance of state” Continuum of Care approach includes those geographic areas that are not included in local Continuum of Care planning efforts – usually the rural parts of the state. Advocates for homeless people with disabilities can visit www.hud.gov/offices/cpd/homeless/programs/cont/coc/index.cfm to determine if there is a Continuum of Care planning process in the rural areas of the state.

McKinney/Vento Homeless Assistance Resources

A Continuum of Care plan serves as an application to HUD for McKinney/Vento Homeless Assistance funding. There are three different McKinney/Vento Homeless Assistance programs including:

1. Supportive Housing Program
2. Shelter Plus Care
3. Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings (NOTE: This program works best in urban areas where there are existing old hotels or rooming houses that have SRO units. Most likely, this would not be a resource that would be viable in rural communities.)

Except for the Section 8 Moderate Rehabilitation program, the McKinney/Vento Homeless Assistance resources can be used effectively in rural communities. For example, project-based Shelter Plus Care funding could be used to subsidize rents for homeless people with disabilities living in Section 515-funded housing. However, the funding for these programs is limited and the application process competitive. In addition, some communities currently face

the dilemma of whether to use limited McKinney/Vento resources to renew funding for existing programs or to create new programs. For more information on how to use the McKinney/Vento Homeless Assistance programs, read issue 13 of *Opening Doors* available online at www.tacinc.org.

Next Steps for the Disability Community

In most rural communities, state housing officials – not local officials – are the key players in addressing the housing needs of people with disabilities since they control the majority of the affordable federal housing resources that can be used in the non-metropolitan areas of the state. Ideally, people with disabilities, their families, and their advocates should come together and develop an overall strategy for engaging these housing officials in a dialogue about how to meet the housing needs of people with disabilities. Working together, the disability community can develop a unified message and be more effective when advocating that federal housing funds be used to benefit people with disabilities. Without this united approach, housing officials can ignore rural organizations representing the interests of people with disabilities because they may not appear to represent a numerically significant or broad-based constituency.

Step 1: Learn Who Controls the Money

The first step is to get a clear picture of how the affordable housing delivery system works for your community or area.

- Find out if your local government receives federal housing funding directly from HUD. If not, find out what state agency receives this federal funding. You can do this by calling the Chief Executive of your community or the planning/community development department of your local government. Get a copy of the Consolidated Plan and

In most rural communities, state housing officials – not local officials – are the key players in addressing the housing needs of people with disabilities since they control the majority of the affordable federal housing resources that can be used in the non-metropolitan areas of the state.

Quicker, Convenient Opening Doors Delivery

Opening Doors is now available faster by email! To receive TAC's quarterly affordable housing publication in PDF format rather than postal mail, email info@tacinc.org with the following information: your name; your email address; and the address where you currently receive Opening Doors.

QAP to determine how this funding is allocated and how you can get involved in making these funding decisions.

- Determine if there is a PHA in your area and if this PHA administers a Section 8 program. If not, is there a regional or state PHA that administers a Section 8 program in your community? Contact your local HUD office if you need assistance determining if there is a PHA that covers your community.

Step 2: Advocate for Resources

- Meet with the housing officials that administer the CDBG and HOME programs. Also, schedule meetings with the Rural Development State Director, the State Housing Finance Agency and the agency responsible for administering a Section 8 program in your area. Ask these officials how they decide how to distribute affordable housing funding and how the disability community could participate in these decisions.
 - Ask these officials how much funding is spent in your community for housing that
- is affordable to people with incomes below 30 percent of the area median. Is any of this housing for people with disabilities?
 - If there is no Section 8 program in your area, ask the state housing agency to consider implementing a "balance of state" Section 8 program.
 - Determine if there is a Continuum of Care plan that includes your community. Attend a Continuum of Care meeting to find out how you can get involved in the planning process. If there is no Continuum of Care plan for your area, request that the state housing agency develop a balance of state Continuum of Care. Contact your local HUD office if you need assistance determining if there is a local Continuum of Care covering your community.
 - Be persistent and make sure to hold housing officials accountable for including the housing needs of people with disabilities living in the rural areas of the state in all affordable housing planning activities.

We would like to thank Leslie Strauss of the Housing Assistance Council for contributing to this issue of Opening Doors.

Opening Doors

A housing publication for the disability community
with support from the
Melville Charitable Trust

FIRST CLASS
PRESORT
US POSTAGE
PAID
PERMIT #375
NASHUA NH



One Center Plaza, Suite 310
Boston MA 02108