

Understanding the Affordability Gap

The disparity between rental housing costs and the monthly income of a person living solely on Supplemental Security Income (SSI) payments affects the daily lives of millions of non-elderly adults with disabilities. In 2014, approximately 4.9 million adults with disabilities aged 18-64 received income from the SSI program. Unless they have rental assistance, or are living with other household members who have additional income, virtually everyone in this group has tremendous difficulty finding housing that is affordable.

Estimating Housing Need

Extremely Low-Income Households

The U.S. Department of Housing and Urban Development (HUD) defines households with incomes at or below 30% of the area median as “extremely low-income” (ELI). With incomes equal to only 20.1% of the Area Median Income (AMI), one-person SSI households fall within HUD’s ELI category. In higher-income states — such as Maryland, where SSI is approximately 14% of AMI — a two-person SSI household would also qualify for ELI status.

There are more than 10 million ELI households in the United States¹ — and non-elderly people

with disabilities are disproportionately represented within this group. According to 2013 data from the National Low Income Housing Coalition, 31% of all ELI households are headed by a person with a disability. Moreover, 41% of all households that include an adult disabled household member are ELI households.²

HUD Worst Case Needs

HUD’s latest *Worst Case Needs Report to Congress*³ found that about one in seven renters (14%) with worst case needs — or 1.1 million households — included a non-elderly person with disabilities. “Worst case needs” households are defined as those that pay more than 50% of income for housing costs (referred to as “rent burdened”) and/or live in seriously substandard housing. HUD also reported that although worst-case needs among such households had decreased between 2011 and 2013, it remained 10% above the 2009 estimate.

Unfortunately, HUD’s *Worst Case Needs* report, which looks only at **current** renters, fails to assess the needs of the estimated 2 million non-elderly adults with disabilities who are either living in an institution or other facility-based congregate setting, or who still live at home with aging parents. For example:

¹ National Low Income Housing Coalition. (2015). *Housing Spotlight*. (Vol. 5, No. 1).

² National Low Income Housing Coalition. (2013). *Housing Spotlight*. (Vol. 3, No. 2).

³ U.S. Department of Housing and Urban Development. (2015). *Worst case housing needs 2013: Report to Congress, Executive Summary*. Retrieved from http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds15.html

Understanding the Affordability Gap

- Nearly 700,000 people with disabilities live in “Non-institutional Group Quarters,” which includes homeless shelters, group homes, and other congregate facilities;⁴
- Approximately 40,000 people with mental illness reside in state mental health institutions;⁵
- Over 200,000 non-elderly people with disabilities reside in nursing homes;⁶ and
- Over 863,000 people with intellectual and/or developmental disabilities live with caregivers over 60 years old.⁷

Homelessness and Disability

Because of their limited incomes and the high cost of housing, many people with disabilities have become chronically homeless. HUD defines a chronically homeless individual as a homeless person with a disabling condition (such as a substance-use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic

physical illness or disability), who has been either continuously homeless for a year or more or has had at least four episodes of homelessness in the previous three years. The federal government has committed to ending chronic homelessness in 2017.⁸ To this end, HUD’s 2014 *Annual Homeless Assessment Report to Congress* (AHAR)⁹ reported declines in chronic homelessness (30% decrease from 2007 to 2014) and homelessness among veterans (33% decrease from 2009 to 2014). In January 2014, however, over 84,000 individuals with these disabling conditions still remained chronically homeless. While services or supports may assist many of these individuals to be able to obtain and retain housing, the lack of affordable housing is certainly a significant contributing factor to their continued homelessness.

Olmstead and the Need for Permanent Supportive Housing

Public entities such as state and local governments have a legal obligation to serve people with disabilities in the most integrated setting possible. On June 22, 1999, the U.S. Supreme Court issued its decision in *Olmstead v. LC*, a lawsuit against the State of Georgia that questioned the state’s

⁴ U.S. Department of Commerce, Census Bureau. (2013). *American community survey 1-year estimates: Characteristics of the group quarters population in the United States, Table S2601A*. Retrieved from http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_1YR_S2601A&prodType=table

⁵ National Association of State Mental Health Program Directors. (2014). *The vital role of state psychiatric hospitals*. Alexandria, VA: Parks, J. & Radke, A., eds. Retrieved from http://www.nasmhpd.org/publications/The%20Vital%20Role%20of%20State%20Psychiatric%20HospitalsTechnical%20Report_July_2014

⁶ Harris-Kojetin, L., Sengupta M., Park-Lee, E., Valverde, R. (2013). Long-Term Care Services in the United States: 2013 Overview. *National Health Care Statistics Reports*. (No. 1). Hyattsville, MD. Retrieved from http://www.cdc.gov/nchs/data/nsltcp/long_term_care_services_2013.pdf

⁷ American Association on Intellectual and Developmental Disabilities. (2015). *State of the states in intellectual and developmental disabilities*. Washington, DC: Braddock, D., Hemp, R., Rizzolo, M., Tanis, E., Haffner, L. & Wu, J.

⁸ www.usich.gov

⁹ U.S. Department of Housing and Urban Development, Office of Community Planning and Development. (2014). *The 2014 annual homeless assessment report (AHAR) to Congress*. Washington, DC: Henry, M., Cortes, A., Shivji, A. & Buck, K. Retrieved from <https://www.hudexchange.info/resources/documents/2014-AHAR-Part1.pdf>

Understanding the Affordability Gap

continued confinement of two individuals with disabilities in a state institution after it had been determined that they could live in the community. The Court described Georgia's actions as "unjustified isolation" and determined that Georgia had violated these individuals' rights under the Americans with Disabilities Act (ADA).

Due to the *Olmstead* decision, many states are now working to meet their obligations implementing:

- "Olmstead Plans" that expand community-based supports, including new integrated Permanent Supportive Housing (PSH) opportunities; or
- *Olmstead*-related settlement agreements that require thousands of new integrated PSH opportunities to be created in conjunction with the expansion of community-based services and supports.

PSH is recognized as a cost-effective, best-practice solution to the needs of ELI people with disabilities who are homeless, institutionalized, or at greatest risk of these conditions. The PSH approach combines affordable housing resources with commitments of voluntary community-based supportive services to help people with serious and long-term disabilities access and maintain permanent housing in the community.

Olmstead settlement agreements negotiated in the states of Connecticut, Delaware, Georgia, Illinois, New Hampshire, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, and

Washington call for over 50,000 total integrated PSH opportunities to be created in those states over the next three to five years; virtually all of the individuals targeted for this housing have SSI-level incomes. Despite this progress on the legal front, the housing affordability gap for the lowest-income people with disabilities in these states is a significant barrier to the successful implementation of these agreements and for states trying to avoid ADA litigation.

It is also important to note that because of the shortage of federal rental assistance, some of the states with *Olmstead* settlement agreements are allocating state services funds, notably mental health funding, to housing uses such as rental assistance. This redirection of state funding, although meeting a need, may not be the best use of these vital resources.

Shortage of ELI Housing

The continuing struggle to address the housing needs of ELI adults with disabilities in our society is the outcome of over two decades of declining federal commitment to ELI housing. During this period, there has been almost no growth in the supply of federal housing assistance for the lowest-income people with disabilities on SSI — or any other ELI households — despite significant increases in the size of the ELI population.

From the early 1970s until the mid-1980s, Congress appropriated funding for over 100,000 new permanent rent subsidies each year. By the mid-1990s, HUD's annual budget funded between 4.3 million and 4.4 million subsidized housing

Understanding the Affordability Gap

resources¹⁰ that ensured affordability for households with ELI-level incomes, including SSI recipients. In contrast, over the past 15 years, the supply of HUD-subsidized housing resources for ELI households has increased only about 5%, to approximately 4.6 million. Instead of focusing on the needs of the poorest Americans, growth within the affordable housing sector has primarily benefitted households above 30% of AMI, through federal programs such as HOME and the Low Income Housing Tax Credit program.

Supportive Housing Subsidies Are Cost Effective

Prioritizing the housing needs of people with disabilities who are institutionalized or chronically homeless is not only a requirement of the ADA, it is also the most cost-effective strategy for states and the federal government. Numerous studies have documented the cost savings that can be achieved in public systems of care for people with disabilities by: (1) providing rental assistance to close the housing affordability gap illustrated in *Priced Out*; and (2) synchronizing the availability of this housing subsidy with the state's offer of voluntary community-based services and supports to help achieve successful community living.

For example, NRI, a research organization affiliated with the National Association of State Mental Health Program Directors, found that in 2012, states spent \$237 to \$1,589 per day for a state hospital bed.¹¹ In contrast, a person with serious mental illness can live in the community with a Housing Choice Voucher (HCV) at \$21 per day¹² plus the cost of community-based services. Even with support services estimated at \$20,000¹³ per year, or \$54 per day, community living is still a third of the cost of the least-expensive state hospital bed. Analyzing data from the Centers for Medicare and Medicaid Services' Money Follows the Person (MFP) Demonstration Program, which helps states transition Medicaid-eligible elders and persons with disabilities from nursing facilities and institutions to the community, the policy research firm Mathematica found that:

Compared with institutional care costs, the HCBS costs [Home and Community Based Services] of MFP participants are 34 percent lower than what Medicaid programs typically pay on a per-resident basis for nursing home care ... [and] 77 percent lower than pre-resident expenditures for intermediate care facilities for the mentally retarded (ICFs-MR).¹⁴

¹⁰ Most of these were through Housing Choice Vouchers, federal public housing units, and HUD-assisted housing with Section 8 contracts.

¹¹ See data at www.nri-incdata.org.

¹² Center for Budget and Policy Priorities. (2014). *United States fact sheet: The housing choice voucher program*. Retrieved from <http://www.cbpp.org/sites/default/files/atoms/files/US.pdf>

¹³ States report Assertive Community Treatment (ACT) costs, for example, ranging from \$2,000 to \$16,000 depending on geographic location and the specific services covered.

¹⁴ National Evaluation of the Money Follows the Person (MFP) Demonstration Grant Program. (2012). *Post-institutional services of MFP participants: Use and costs of community services and supports* (Report From the Field, Number 9). Washington, DC: Irvin, C., Bohl, A., Peebles, V., & Bary, J. Retrieved from <http://www.mathematica-mpr.com/~media/publications/PDFs/health/mfpfieldrpt9.pdf>. See also Kaye, S., LaPlante, M., and Harrington, C. (2009). Do noninstitutional long-term care services reduce Medicaid spending? *Health Affairs*, Vol. 28, No. 1, 262-272. doi:10.1377/hlthaff.28.1.262

Understanding the Affordability Gap

Numerous studies have also found that providing permanent supportive housing for a chronically homeless person is more cost effective than paying for repeated visits to emergency rooms, hospitalizations, and the cost of emergency shelter beds.¹⁵

Addressing the *Priced Out* Affordability Gap

Like the Bipartisan Policy Center's¹⁶ 2013 report *Housing America's Future: New Directions for National Policy, Priced Out in 2014* findings call for a new federal commitment to affordable housing targeted to people with significant disabilities who rely on SSI. True community integration, *Olmstead* compliance, and ending chronic homelessness can be achieved only with additional targeted federal affordable housing resources. The Consortium for

Citizens with Disabilities Housing Task Force and the Technical Assistance Collaborative urge the federal government to make this commitment through investments in authorized federal housing programs specifically designed to assist ELI households. These include the Section 811 Project Rental Assistance program, HUD's homeless assistance programs funded through the Homeless Emergency Assistance and Rapid Transition to Housing Act, and the National Housing Trust Fund authorized by Congress in 2008 specifically to address the needs of ELI households. Preserving the existing supply of 4.6 million HUD-subsidized housing resources is also a critical part of any plan to ensure an adequate supply of decent, safe, and affordable housing for people with disabilities and other ELI households. Specific strategies to achieve these goals are included in *Priced Out in 2014*, **TAC/CCD Federal Policy Recommendations** section.

¹⁵ See for example <http://usich.gov/blog/the-true-cost-of-doing-nothing> and <http://aspe.hhs.gov/hsp/homelessness/symposium07/culhane/index.htm>.

¹⁶ Founded in 2007 by former Senate Majority Leaders Howard Baker, Tom Daschle, Bob Dole and George Mitchell, the Bipartisan Policy Center (BPC) is a nonprofit organization that drives principled solutions through rigorous analysis, reasoned negotiation and respectful dialogue. See www.bipartisanpolicy.org.