

# Introduction and Policy Recommendations

## Introduction

This 7th edition of *Priced Out* is being published as our nation struggles to recover from a deep recession and as major cuts are being made in federal programs. Unlike some prior economic downturns, this one has been all about housing. Millions of Americans have already lost their homes or continue to face foreclosure and/or eviction – and the unthinkable possibility of being homeless.

For many people with significant and long-term disabilities who must rely on disability income, the desperation associated with not having a home in the community is a constant of daily life. In 2010, approximately 4.4 million adults with disabilities between the ages of 18 and 65 who relied on the federal Supplemental Security Income (SSI) program had incomes of less than \$8,500 per year – low enough to be completely priced out of every single rental housing market in the country.

*Priced Out* is published every two years by the Technical Assistance Collaborative (TAC) and the Consortium for Citizens with Disabilities (CCD) Housing Task Force to call public attention to this unrelenting housing crisis – which remains largely hidden from public view. Across the nation, millions of people with the most significant and long-term disabilities whose income is based on SSI simply do

not have enough money to pay for housing in the community.

According to the Social Security Administration, “SSI is a federal income supplement program designed to help aged, blind, and disabled people who have little or no income. It provides cash to meet basic needs for food, clothing, and shelter.”<sup>1</sup> However, in 2010, the basic cost of shelter alone – represented by the average rent for a modest one bedroom unit– was more than the entire income of an individual receiving SSI.

This stark reality means that every day – in one of the world’s most affluent nations – people with the most significant and long-term disabilities face unimaginable choices:

- *“If I try to leave this terrible board and care home, will I become homeless?”*
- *“I can’t afford an accessible apartment, so how will I ever be able to leave this nursing home?”*
- *“If I rent this apartment, I will only have \$80 a month left from my SSI check. How can I possibly afford to eat and get to my doctor?”*
- *“My doctor says I will be discharged in the morning, but I have no place to go.”*

The extraordinary irony of this hidden housing crisis is that it actually costs the government and taxpayers much more for people with disabilities to remain

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1. Social Security online. Supplemental Security Income homepage: <http://www.ssa.gov/ssi/> as of 4/19/11

unnecessarily in institutions, nursing homes, or board and care facilities – or for them to be homeless – than to pay for housing and services in the community.

Today, hundreds of thousands of non-elderly adults with disabilities – including many younger people in their 20s and 30s – permanently reside in Medicaid-funded<sup>2</sup> nursing homes at an average cost of almost \$60,000 per year per bed.<sup>3</sup> Most have SSI-level incomes and cannot afford to move into the community without housing assistance. Hundreds of thousands of people have been forced to choose between living in a segregated, restrictive, and often substandard board and care home or homelessness. As documented in a recent *Olmstead* lawsuit in New York State,<sup>4</sup> these restrictive settings frequently become “Medicaid mills” – meaning that residents often receive Medicaid fee-for-service medical procedures whether they need them or not.

*Priced Out in 2010* illuminates the underlying cause of this hidden housing crisis by comparing the monthly income of people with disabilities receiving SSI to local U.S. Department of Housing and Urban Development (HUD) Fair Market Rents for the Housing Choice Voucher program. Simply stated, in 2010, there was not one state or community in the nation where a person with a disability receiving SSI could afford to rent modest rental housing without a permanent rental subsidy.

2. Medicaid is a jointly funded federal/state health care program for certain households with the lowest incomes and virtually no assets. It also provides long-term care for people with disabilities.

3. The Medicaid national mean expenditure for a nursing home bed in 2008 was \$58,955 according to *Want to Save Medicaid Expenditures? Information Bulletin # 309*. Gold, S. April, 2010.  
<http://www.stevegoldada.com/stevegoldada/archive.php?mode=A&id=309;&sort=D>

4. *Disability Advocates Inc. vs. Cuomo*: <http://www.bazelon.org/In-Court/Current-Cases/Disability-Advocates-Inc.-v.-Paterson.aspx>

5. Souza, M., Collinson, R., Martin, M., Steffen, B., Vandenbroucke, D., and Yao, Y. *2009 Worst Case Housing Needs of People with Disabilities: Supplemental Findings of the Worst Case Housing Needs 2009: Report to Congress*. U.S. Department of Housing and Urban Development, Office of Policy Development and Research. March, 2011.

## New HUD Report on “Worst Case” Housing Needs of Non-Elderly People with Disabilities

The permanent rental subsidies needed by the lowest-income people with disabilities are funded primarily through HUD’s budget. Thus, it is extremely important for HUD to accurately assess and report on the housing needs of people with disabilities.

For many years, TAC and CCD have challenged HUD’s housing needs estimates – asserting that HUD has significantly understated the number of non-elderly renters with disabilities that have worst case housing needs. Households with worst case housing needs are defined by the federal government as very low-income renter households paying more than 50 percent of their income for rent and/or living in seriously substandard housing.

On March 24, 2011, HUD published a new report that begins to more accurately reflect the extreme housing problems faced by people with disabilities struggling to pay for housing. HUD’s 2009 *Worst Case Housing Needs of People with Disabilities*<sup>5</sup> states that:

- In 2009, approximately 1 million renter households that included non-elderly people with disabilities had worst case housing needs;

- Renter households that include non-elderly people with disabilities are more likely than those that don't include people with disabilities to have very low incomes, experience worst case housing needs, pay more than half of their income for rent, and have other housing problems such as living in inadequate or overcrowded housing;
- Between 2007 and 2009, there was a 13 percent increase in worst case needs households that included non-elderly people with disabilities; and
- Renter households with disabilities were almost one and one-half times more likely to pay more than one-half of their income for rent than renter households without disabilities.

### People with Disabilities Living in Institutional and Non-Institutional Group Quarters

For the first time ever, this HUD report clearly states that the data source HUD uses to prepare worst case needs reports – the American Housing Survey (AHS) – excludes people living in institutional and non-institutional group quarters. This means that there is no federal report that assesses the housing needs of people with disabilities living in nursing homes, health care facilities, correctional facilities, homeless shelters, or other group quarters. HUD's report notes that “there is a high prevalence of people with disabilities” in these settings.

6. Gold, S. 2008 *Nursing Facility Data - Information Bulletin #271*. December, 2008. <http://www.stevegoldada.com/stevegoldada/archive.php?mode=A&id=271;&sort=D>

7. Kitchener, M., et al., “Institutional and Community-Based Long-Term Care: A Comparative Estimate of Public Costs.” *Journal of Health and Social Policy* 22, no.2 (2006):31-50.

*Permanent Supportive Housing Voucher Demonstration Evaluation Design Options – Task 4.1: Literature Synthesis and Preliminary Environmental Scan*. Prepared for Office of the Assistance Secretary for Planning and Evaluation by Abt Associates Inc. January, 2011.

According to HUD's report, the 2009 ACS found that 856,425 people with disabilities are living in homeless shelters, group homes, and other non-institutional group quarters facilities. In addition to this group, TAC and CCD estimate that more than 400,000 or more non-elderly people with disabilities are living in nursing homes and public mental health institutions.<sup>6</sup>

TAC and CCD believe that federal housing needs reports should include estimates of need for people with disabilities who are currently living in institutional and non-institutional group quarters and who could live in the community if affordable housing and appropriate supportive services were made available to them. These needs are highly relevant to several Obama Administration policy initiatives including: the U.S. Department of Health and Human Services (HHS) Money Follows the Person Demonstration program to transition people from institutional settings to the community; *Olmstead*-related lawsuits involving the U.S. Department of Justice; and the U.S. Interagency Council on Homelessness *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*.

Studies of the costs of chronic homelessness, nursing home care, and community-based long term care have shown that it costs the federal government – and state governments – significantly more money for people to remain institutionalized and/or homeless than it does to provide affordable housing linked with supportive services in the community.<sup>7</sup> With pressure to control health care costs growing by the day, now is the time

for federal and state government leaders to develop the political will to expand affordable and supportive housing for people with disabilities.

This effort must be supported by a more thorough and accurate HUD assessment of the housing needs of all very low-income people with disabilities, regardless of whether they are current renters, homeless, institutionalized, living in an inappropriate segregated group setting, or living at home with aging parents and at-risk of institutionalization. These data are critically important for policy makers, the disability community, and for taxpayers who pay the bills for ineffective, inappropriate, and high-cost institutional care.

### **Policy Recommendation: Fully Implement the Innovations Authorized in the Frank Melville Supportive Housing Investment Act in FY 2012**

Groundbreaking supportive housing legislation enacted a few months ago – the Frank Melville Supportive Housing Investment Act of 2010 – provides a critically important and cost-effective new opportunity to substantially increase the number of permanent supportive housing units that can be created for people with disabilities currently living in high-cost nursing homes, institutions, and homeless shelters. This law authorizes major reforms and improvements to HUD’s Section 811 Supportive Housing for Persons with Disabilities program as well as technical assistance that could help to re-direct more than 70,000 Housing Choice Vouchers – already appropriated by Congress for non-elderly people with disabilities – to expand permanent supportive housing.

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The Melville Act also provides an opportunity for HUD and HHS to collaborate on a long-term vision and strategy to link the federal government’s mainstream housing programs – including tax credits, HOME funds, and Housing Choice Vouchers – with Medicaid and long-term care services financing policies.<sup>8</sup>

**State and Local *Priced Out* Data can be found online at**  
*<http://pricedout.tacinc.org>*

Full implementation of the Melville Act would begin an ambitious federal strategy that could easily create 50,000 or more new permanent supportive housing opportunities within five years, including:

- 25,000 new Section 811 supportive housing units using new integrated financing approaches and supportive housing models linked with federal Low Income Housing Tax Credits and other capital financing; and
- 25,000 supportive housing units created through “turnover” of Non-Elderly Disabled Housing Choice Vouchers already authorized by Congress and administered by Public Housing Agencies. The Melville Act authorizes HUD to provide technical assistance to achieve this goal.

These two housing strategies would help to inaugurate a new era in the creation of new federal supportive

housing without requiring any increase in Fiscal Year 2010 appropriation levels. In addition to producing supportive housing more cost effectively, overcoming the institutional bias within the Medicaid program would free up substantial Medicaid funding to help more people receive appropriate services in housing of their choice in the community.

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Now is the time for the disability community to work together to make this vision of 50,000 new supportive housing units in five years a reality. TAC and the CCD Housing Task Force are pleased that the publication of *Priced Out in 2010* will help the disability community make a powerful and effective argument for this national expansion of permanent supportive housing.