

Evaluation of Supportive Housing Programs for Persons with Disabilities

Volume I: Findings

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EXECUTIVE SUMMARY

Supportive housing programs for persons with disabilities administered by the U.S. Department of Housing and Urban Development (HUD) have evolved over the past three decades. Originating with the Housing Act of 1959 as a direct-loan program that financed rental housing for elderly and physically disabled persons, the concept has changed into a grant program serving very-low-income persons with a broad range of disabilities.

From the start HUD has not provided funding for supportive services, but it has required sponsors to develop service plans for meeting tenants' needs. As part of the Housing Act of 1987, Section 162 attempted to meet the housing needs of persons with disabilities by changing some of the funding mechanisms. Among its provisions, Section 162 eliminated cost containment reviews and replaced Section 8 subsidy contracts with project assistance contracts that based the amount of subsidy on actual expenses incurred. The National Affordable Housing Act of 1990 created the Section 811 program, which not only totally separated funding for housing that serves persons with disabilities from housing designed for the elderly, but also replaced loans with capital advances, which are basically grants.

The major goals of this evaluation are to assess the programs' effectiveness in providing housing for persons with disabilities and to examine the impacts of Section 162 and Section 811 changes on the characteristics and delivery of this housing. The findings of this evaluation are based on data collected from sponsors and managers of over 500 projects¹ Section 202 projects and Section 162 and Section 811 projects¹ for persons with disabilities and Section 202 housing for the elderly. In addition to in-depth mail and telephone interviews with project

¹Section 162 and Section 811 projects are combined for two reasons: the total number of completed projects under these two programs is only 281, and some projects were begun under Section 162 and closed under Section 811. Consequently, for purposes of this analysis, the programs are often referred to as Section 162/811.

sponsors, managers, and tenants, the assignment included site visits to provide more intensive analysis of 30 projects, which are presented in Volume II.

This report presents key findings and conclusions from research in the following areas: (1) characteristics of projects, sponsors, tenants, and supportive services; (2) implementation and administration of the programs; and (3) attitudes of tenants toward their housing. Findings from the evaluation allow HUD policy makers to strengthen the strategies used to ensure that persons with disabilities are served adequately.

KEY OBSERVATIONS AND THEIR IMPLICATIONS

- # ***Residents of many recently built group homes require environments that offer extensive supportive services.*** Many of the tenants served by Section 162 and Section 811 projects have developmental disabilities or chronic mental illness, and a growing number have multiple disabilities. The percentage of projects serving persons with mobility impairments is small and has declined over time. A large share of the Section 162/811 projects are group homes that provide highly structured environments for residents. According to project managers, many tenants of recently developed housing would have difficulty locating suitable housing and/or a supportive housing environment in the private housing market.

- # ***Demand for housing in Section 202, Section 162, and Section 811 developments for persons with disabilities is strong.*** Most projects have high occupancy levels, low turnover, and lengthy waiting lists. Despite the sponsors' successes in creating relatively large numbers of units in some geographic areas, such as North Carolina and some metropolitan areas, these high occupancy and low turnover rates are indicative of continuing demand for supportive housing for persons with disabilities in most market areas.

- # ***Most of the residences produced under these programs provide long-term or permanent rather than short-term housing.*** Based on the survey of tenants, over half of the tenants residing in independent-living facilities (ILFs) have lived there over two years. According to project managers,

tenants of most group homes are accepted as a permanent placement and remain in the housing for extended periods of time.²

- # ***Section 162/811 projects typically take over three years to complete. In contrast, efforts to develop supportive housing in North Carolina have been highly successful and efficient, and could serve as a model for other parts of the country.*** As a result of a close working relationship among sponsors, HUD field office staff, and State officials in North Carolina, many projects have been developed and occupied quickly. Of the Section 162 and Section 811 projects awarded between 1989 and 1991, 57 (20 percent) are located in North Carolina, and all except one was occupied by the spring of 1994. In contrast, projects in other states have encountered numerous delays throughout the development process; only 52 percent of these projects had been opened as of spring 1994.

- # ***Sponsors would like greater flexibility in the sizes and types of housing provided.*** Numerous sponsors voiced their desire for more latitude in designing projects to meet the needs of proposed tenant groups. For example, several sponsors would like to develop projects with fewer units or resident spaces; others would remove some of the obstacles that currently limit the use of condominium units. The sponsors of supportive housing for persons with disabilities believe their requests are reasonable because they have extensive experience and feel they understand the needs of their tenants.

CHARACTERISTICS OF PROJECTS, SPONSORS, TENANTS, AND SUPPORTIVE SERVICES

Project and Sponsor Characteristics

- # Whereas most of the Section 202 projects for persons with disabilities were ILFs, the majority of projects funded under Section 162 and Section 811 are

²Because of the severity of disabilities of many persons residing in group homes, the survey interviewers were unable to successfully complete interviews with these residents. During the field work, however, managers commented on the tenure of group home residents.

small group homes. Many are designed to accommodate as few as six or seven residents and staffed to provide supportive services. According to several sponsors, many states are no longer willing to fund services for larger projects; this could limit the potential for ILFs in the future and put some older properties in jeopardy.

- # Generally, project managers consider the size and physical characteristics of their supportive housing for persons with disabilities to be adequate, especially in Section 162/811 developments. This housing is not, however, considered lavish. A majority of the Section 162 and Section 811 project sponsors solicited outside funding sources (state and local governments, foundations, or the sponsor organization) to raise additional dollars for building features, furniture, and/or equipment that was deemed ineligible for HUD funding.
- # The vast majority of Section 162/811 buildings and a large share of Section 202 projects are located in predominantly white, single-family residential neighborhoods that are well maintained and viewed as safe by project managers. The smaller size and character of many Section 162/811 developments allow them to blend more easily into these residential areas. About one-fourth of all projects are located in rural or non-metropolitan locations.
- # The most common sponsor categories are organizations providing services to persons with developmental disabilities or chronic mental illness (CMI). Groups serving mobility-impaired persons are less common; the share of projects sponsored by these organizations is small and is declining over time as accessible private-housing-market choices become more available to those who can live independently.

Tenant Characteristics

- # Developmental disabilities and chronic mental illness are the most common disabilities found among tenants in supportive housing. A growing percentage of tenants have multiple disabilities. Few projects consist solely of persons whose only disability is a mobility impairment. Over time, tenants have required more services as they aged in place, and they will

need more services in the future.

- # Over one-fourth of the managers of Section 202 projects for persons with disabilities and over half of the Section 162/811 project managers said that all of their residents need personal care services assistance with activities of daily living. Nearly two-thirds of these Section 202 projects and three fourths of the Section 162/811 developments house persons who formerly resided in State institutions or private training schools.

Supportive Services

- # HUD-assisted buildings for elderly and persons with disabilities encompass a wide mix of services. Among Section 202 buildings for persons with physical disabilities and Section 202 buildings for the elderly that include tenants who are disabled, some provide no supportive services on-site. Tenants are responsible for arranging services for which they are eligible, either through government agencies or private service providers. In contrast, most group homes offer on-site meals, transportation, and personal care assistance.
- # Managers are concerned about funding levels for supportive services now and in the future, since both Federal and State sources of funding are tightening. While most managers did not report actual cuts in funding, they do feel that funding levels have not kept up with rising costs of providing services to an increasingly needy population.

PROGRAM IMPLEMENTATION AND ADMINISTRATION

Development Process/Time Frame

- # Sponsors expected that program streamlining, begun with the Housing Acts of 1987 and continued in 1990, would reduce processing time and speed up construction completion. This did not occur, at least not in the initial years of the Section 162/811 programs. Of 104 projects awarded in October 1989 that were surveyed in the spring of 1994, only 73 percent were fully

completed and occupied. Only 30 percent of the properties funded in the first year of the Section 811 program (1991) were open nearly 2.5 years later. In part, delays in processing may have been due to the fact that field personnel did not have handbooks (the Section 811 handbook was not available until 1993).

- # For Section 162 and Section 811 projects, sponsor experience (or the lack thereof) helps to explain why some projects are opened quickly and others are not. Projects whose sponsors had experience with other HUD-funded projects opened more quickly than those of inexperienced sponsors.
- # Numerous other factors also affect the development time:
 - ! Sponsors who lacked sites at the time of application or who changed sites during the development process often encountered delays.
 - ! Sponsors with previously approved project designs that can be replicated in multiple locations are able to move directly from award to the firm commitment stage, skipping some time-consuming steps. Several sponsors of projects in North Carolina have been especially effective in repeatedly using similar project designs as one means to expedite the development process.
 - ! Most sponsors felt that their development submissions were promptly reviewed by HUD field office personnel. However, a significant minority complained about delays in review, citing lack of sufficient HUD staff, HUD staff turnover, cumbersome and excessive paperwork, and difficulty tracking project status among numerous reviewers.
- # A majority of project sponsors (54 percent) received help from HUD specialists after awards were made, and most were happy with the help they received.
- # Despite HUD's attempts to create incentives for expedited closings under the Section 811 program, the period required to complete closings has not decreased. Only about 30 percent of the Section 162/811 projects had their

final mortgage closing within six months of their initial occupancy date.

- # Although cost limits were a more serious problem for Section 202 projects than for Section 162/811 projects, these limits continue to cause difficulties, especially for new development projects in small towns or rural locations. Sponsors indicate that the per-square-foot development costs in many small towns do not differ from those in nearby cities that are eligible for high-cost adjustments. Both sponsors and HUD field office staff believe that high-cost adjustments have made artificial distinctions among geographic areas and that the lack of realistic cost levels limits development in some geographic locations.
- # Most supportive housing projects for persons with disabilities were viewed favorably by local government officials and neighbors. However, in some cases, issues arose with respect to project design or density; in others, the nature of tenant disabilities proved controversial, especially for properties serving persons with chronic mental illness. In North Carolina a statewide zoning ordinance permitting six-bedroom group homes in any single-family zoning area precludes most local opposition.

Leasing, Occupancy, and Tenant Retention

- # Only 5 percent of the Section 162/811 respondents indicated that their properties were not fully leased (at 95 percent occupancy) prior to opening; among Section 202 projects for persons with disabilities both ILFs and group homes the vacancy rate averaged only 2 percent.
- # The most commonly cited cause of unit or bed turnover was a change in tenant status the tenant could live more independently (in a less restrictive setting) or needed more support than was available in his/her building.

Tenant Satisfaction

- # Tenants' overall satisfaction with their housing was very high: 84 percent were either very satisfied or somewhat satisfied. All of the surveyed tenants reside in independent-living facilities.

- # The "desire to live more independently" was tenants' most frequently cited reason for moving to Section 162/811 and Section 202 ILFs for persons with disabilities from other residences. A more convenient location, increased safety, and handicapped accessibility were also cited by over 39 percent of the respondents.
- # When tenants were asked to rate the importance of on-site supportive services for promoting independence, 56 percent indicated that they consider supportive services as either very important or somewhat important. (This finding is especially important given that all survey respondents are residents of ILFs, which are not always service-intensive.)
- # When residents of Section 202 projects for persons with disabilities were asked if they preferred to live in a building where all of the other residents were persons with disabilities, three-quarters said "yes."

CHAPTER I.

INTRODUCTION

In September 1992, the Department of Housing and Urban Development selected Applied Real Estate Analysis (AREA), Inc., and its subcontractor, Abt Associates Inc., to evaluate HUD's supportive housing programs for persons with disabilities. The major purposes of this assignment were to assess the effectiveness of the Section 202, Section 202/162, and Section 811 programs in providing housing and services for persons with disabilities and to examine any changes in the delivery of this housing following the implementation of Section 162 and Section 811.

EVOLUTION OF HUD SUPPORTIVE HOUSING PROGRAMS FOR PERSONS WITH DISABILITIES

Efforts by the U.S. Department of Housing and Urban Development to provide housing for persons with disabilities span more than three decades. HUD's earliest effort was an expansion of the Section 202 program. Established under the Housing Act of 1959, Section 202 provided low-interest direct loans to non-profit sponsors of housing for the elderly. The loans ran for terms of 50 years (later shortened to 40) and carried interest rates as low as 3 percent or 4 percent. In 1964, the Section 202 loan program was expanded to include funding of buildings designed to serve the "non-elderly handicapped" population.

Initially, these buildings served persons with physical disabilities (primarily mobility impairments, but also auditory and visual handicaps). Like housing for the elderly, these properties provided independent apartments with few supportive services (HUD has never funded supportive services). The target population was moderate-income persons who were ineligible for public housing but could not afford or find suitably designed units in the private market. Initially, tenants did not have to recertify their income eligibility annually.

These efforts notwithstanding, the vast majority of units and funds allocated during the early years went to projects serving senior citizens. According to HUD records, the Section 202 program was temporarily halted in 1968 and remained inactive until passage of the Housing and Community Development Act of 1974.

The Housing Act of 1974. With reactivation came major changes. The new legislation expanded the definition of "disability" to include developmental disabilities, and permitted the construction of small group homes enabling sponsors to build homelike environments for persons with autism, mental retardation, and cerebral palsy. The Section 202 program did not serve persons with chronic mental illness until 1982.

Despite expansion, the proportion of Section 202 units targeted to non-elderly disabled persons did not increase significantly during the mid-1970s. The legislation required only that a minimum of 15 percent of Section 202 funds be used for disabled persons. Sponsors serving persons with disabilities felt that they could not adequately compete with large projects for the elderly. Therefore, in 1979, HUD required that 50 percent of that year's funding authorization be set aside for projects serving persons with disabilities. HUD estimates that by the late 1980s, approximately 10 percent of all Section 202 units were in projects designed for persons with disabilities.

Other changes resulting from the Housing Act of 1974 included the following:

- # ***Income Eligibility.*** Income eligibility for Section 202-financed buildings was changed to emphasize very-low-income persons. As a result, persons who earned incomes above the Section 8 limits (50 percent or less of the area's median income) were not eligible to live in buildings financed after 1974 using Section 202. This change had a number of consequences. Physically disabled persons who were able to work and earn moderate incomes were no longer eligible to move into Section 202 housing, so projects attracted persons with more severe disabilities, and thus a more service-dependent population. At the same time, project financial feasibility was tied to Section 8 fair market rents, which in many locations were insufficient to cover costs associated with building and maintaining units that met the unique needs of persons with disabilities.
- # ***Supportive Services Planning Requirements.*** The 1974 Act did not explicitly mandate sponsors to submit supportive services plans; however, this requirement began to appear in administrative regulations. Not only did HUD staff evaluate supportive services plans when ranking applications for loan awards, but State agencies funding supportive services also became involved in the process. State approval of these plans was not a requirement until passage of the National Affordable Housing Act of 1990.
- # ***Development Cost Maximums.*** HUD established base per-unit maximums for independent-living facilities (ILFs) in buildings with and without elevators. To adjust for higher land values and construction costs in major metropolitan areas (and in other locations such as Alaska and Hawaii), the regulations permitted these maximums to be raised by 75 percent in "high cost" areas designated by headquarters.

The early and mid-1980s were characterized by HUD's efforts to ensure modest designs and a "no-frills" approach to developing subsidized housing. Regulations spelled out prohibited

amenities and limited the amount of space that could be devoted to common areas, such as multipurpose rooms, dining areas, and activity rooms, to 10 percent of the total project's gross square footage.

Section 162 of the Housing Act of 1987. Passage of the 1987 Housing Act was the first step in response to some of the problems inherent in the Section 202 program and in the separation of supportive housing for disabled persons from the Section 202 program's primary client group, the elderly. According to the legislation creating Section 162, perceived problems included development costs that were higher than necessary; a housing product that was often inappropriate for physically impaired, developmentally disabled, and chronically mentally ill persons; and cost containment policies that did not adequately reflect building designs required to meet the needs of designated residents. The Section 162 modification of Section 202 took effect at the end of 1988, and its provisions were used to administer projects funded in fiscal year (FY) 1989 and 1990. Although there were no changes in tenant income eligibility, other aspects of Section 162 represented important departures from the old Section 202 approach, including the following:

- # **Changes in Operating Subsidies and Development Cost Limits.** Operating subsidy levels were no longer tied to Section 8 fair market rents. Section 8 subsidy contracts were replaced with project assistance contracts, which based the amount of the subsidy on actual expenses incurred, minus any income from tenants. Per-unit cost limits were raised to more realistically reflect the actual cost of constructing facilities with the design adaptations needed to serve persons with special needs. Maximum per-unit development costs in "high cost" areas were raised from 175 percent of base maximum to 210 percent or even 240 percent of the base if approved by the Secretary.

- # **Elimination of Cost Containment Reviews.** Section 162 eliminated the strict cost containment guidelines that made it difficult to design workable, attractive Section 202 projects. Common-area expenditures previously limited to 10 percent of total gross square footage were now limited to 10 percent of project cost.³ Sponsors were now permitted to use durable materials if doing so would reduce ongoing maintenance and replacement costs. Sponsors could also build units and group-home bedrooms that exceeded HUD minimum size standards as long as the total cost fell within development cost limits.

- # **Set Asides.** In FY 1989, HUD required that 40 percent of the funds for projects for persons with disabilities in each region be used for projects serving the deinstitutionalized chronically mentally ill (CMI). Since that year, the only formal allocation for a specific group has been a separate set aside in 1991 for projects serving persons who are HIV-positive. The 1989 Act also permitted the use of Section 202 funds for intermediate-care

³ This increased the amount allowable, since common area space is less costly to build per square foot than is the space in apartments or bedrooms.

facilities (ICFs) serving developmentally disabled persons, provided that certain criteria were met (the project had to be primarily residential, not medical, in nature).

- # ***Unit Maximums per Sponsor and per Project.*** Prior to 1989, sponsors were limited as to the number of units for which they could apply in a given funding cycle. The new Section 162 regulations allowed sponsors to apply for an unlimited number of units, as long as each project's application identified all other pending projects. However, Section 162 reduced the maximum number of units allowable in ILFs for the physically challenged from 40 to 24. This reduction reflected the belief that smaller projects blended more easily into the community and were less likely to have marketing problems. Nonetheless, larger projects could still be approved on a case-by-case basis.

Section 811 of the Housing Act of 1990. Section 811 was established by the National Affordable Housing Act of 1990 (also referred to as the Cranston-Gonzalez Act). It replaced the portion of the Section 202 program that provided long-term loans for construction of housing for very-low-income persons with disabilities. (The Section 202 program still exists, but now pertains only to housing developed primarily for the elderly. Non-elderly disabled persons continue to occupy apartments in these buildings.) Key objectives of separating the two programs were to make it easier for new sponsors to compete for funding and to improve small projects' chances to obtain funding. It also allowed HUD to develop award criteria most appropriate to projects serving persons with disabilities. Key components of the legislation include:

- # ***Replacing Loans With Capital Advances.*** In addition to creating a separate funding mechanism for projects serving disabled persons, Section 811 replaced 40-year loans (which were being repaid with other Federal funds in the form of Section 8 subsidies) with "capital advances." The capital advance is really a grant: no repayment is required unless the project ceases to serve very low-income disabled persons during a 40-year period. A further provision of Section 811 was the subsidy payment through which HUD makes up the difference between operating costs and revenues contributions that are affordable by the very-low-income disabled tenants. These payments are now called "project rental assistance contracts" or PRACs.
- # ***No Changes in Unit Cost Maximums; Changes in High-Cost Area Bonus.*** It should be noted that Section 811 did not raise the base maximum per-unit development costs for ILF units above the levels established for FY 1989; they were still the same in 1993. Although HUD is required by law to review the development cost limits every year, it is not required to raise them. Group-home cost limits, however, have been raised somewhat since passage of the 1990 Act. Development cost maximums for high-cost areas were raised from 210 percent of base under the Section 162 program to 240 percent of base maximums, with up to 260 percent permitted with the approval of the HUD Secretary.

Further Reductions in Maximum Building Sizes. Under the Section 811 program, building size maximums were changed to 24 persons (not units) in ILFs for physically disabled persons and to 20 persons (not units) in CMI projects. It also became harder to get exceptions for bigger projects. Anything above the standard now has to be approved in Washington. Another key change brought about under the 1990 Act was the reduction in the maximum size of group homes from 15 persons to 8 persons. The main reason for these changes is that State governments frequently refuse to provide supportive services funding to buildings that exceed their own size standards. Sponsors are still able to apply for scattered-site, multibuilding projects that exceed these totals, provided that no single building exceeds the maximums.

Other Provisions of the 1990 Act and the Section 811 Regulations. The 1990 Act allowed Section 811 funds to be used for the acquisition and moderate rehabilitation of properties owned by the Resolution Trust Corporation (RTC) for use as group homes; the 1992 Act (see below) expanded this provision to allow acquisition of RTC properties for use as ILFs.

Applications with identified sites under sponsor control were to be given priority in the review and scoring system. Sponsors were permitted to change sites after awards were made, but must demonstrate site control within one year of receiving their award or risk its loss.

The 1992 Housing Act. Congress made a number of relatively minor changes to the Section 811 program in 1992, but they do not affect the projects funded in FY 1991 that are part of this evaluation effort. Sponsors of Section 811 housing are now required to be 501(c)(3) tax-exempt corporations. Public housing authorities, which couldn't be sponsors under the old Section 202 rules or the 1990 Act, can now act as sponsors if they have 501(c)(3) status. In 1991, sponsors could not use Section 811 funds to buy condominiums in buildings not specifically designed for and limited to occupancy by low-income disabled persons. Changes made to the law in 1992 permitted such use of Section 811 funds. Many sponsor groups favor the addition of this housing option to existing housing alternatives for persons with disabilities.

RESEARCH DESIGN

This evaluation used a variety of research and data collection methods. The research effort attempted to obtain information on all Section 162 and Section 811 projects that received awards between 1989 and 1991 and a sample of Section 202 projects for elderly and disabled persons that received awards between 1978 and 1988. The primary methods used were:

Postcard Survey of Project Sponsors/Borrowers and Managers. The main purposes of this mailing were to identify Section 202 projects for the elderly that were occupied in part by non-elderly residents with disabilities and to determine

the construction and occupancy status of Section 162 and Section 811 projects.

- # ***Mail and Telephone Surveys of Project Sponsors and Borrowers.*** By means of mail questionnaires and telephone interviews, AREA obtained information on characteristics of the project sponsors, physical characteristics of the projects, types of supportive services provided for the projects, the application and development process, development costs, and sponsors' attitudes toward changes in HUD programs serving non-elderly persons with disabilities since 1978.
- # ***Mail and Telephone Surveys of Project managers.*** Information gathered from project managers included characteristics of the projects and the neighborhoods in which they are located, occupancy levels and turnover, marketing techniques, supportive services provided, operating costs and funding sources for both housing and supportive services, and tenant profiles.
- # ***Tenant Telephone and Mail Surveys.*** For those projects whose sponsors and managers completed mail and telephone questionnaires, building tenants were also contacted. In most instances, Abt Associates' staff conducted these interviews by telephone; however, questionnaires were mailed to a few tenants, notably those who are hearing impaired. The major purposes of these interviews were to determine the tenants' satisfaction with their current place of residence and with the supportive services offered, and to compare their current housing with their previous places of residence.
- # ***Site Visits.*** In order to observe the physical character and operations of supportive housing, the consultant conducted field visits to 30 projects. The facilities selected were located in both urban and rural areas, served tenants with a variety of disabilities, ranged in size from six-bedroom group homes to high-rise developments, included projects designed primarily for the elderly as well as those for persons with disabilities, and included scattered-site as well as single-site projects.

In addition to these key data collection methods, the consultant also reviewed documents related to supportive housing programs, including news releases, handbooks issued by HUD, and legislation establishing the programs. The team interviewed staff of selected HUD field offices as well as key staff members of groups representing physically disabled, developmentally disabled, and chronically mentally ill persons.

Volume II of this report presents a more detailed discussion of the overall data collection methodology for this evaluation as well as information on the data base developed on Section 202, Section 162 and Section 811 projects and the sample of Section 202 projects for elderly and disabled persons.⁴

⁴With only a few exceptions, which are clearly indicated, this report presents unweighted data collected during the

ORGANIZATION OF THIS REPORT

Subsequent chapters of this report describe the characteristics of the Section 202, Section 162, and Section 811 projects for persons with disabilities, the process used to develop and operate these projects, and the responses of tenants regarding satisfaction with the resulting housing product. A separate volume provides appendices that contain more detailed information from the research. It includes a description of the highly successful efforts to develop housing for persons with disabilities in North Carolina (Appendix A), case study reports for each of the 30 sites visited (Appendix B), the research methodology (Appendix C), findings from the post card survey regarding the construction status of Section 162 and Section 811 projects (Appendix D), and more detailed technical data (Appendices E and F).⁵

survey research. Appendix C also discusses weighted versus unweighted data and the factors determining the use of the data.

⁵Practically none of the differences between programs are statistically significant. With total sample sizes ranging from 281 to 86, the confidence intervals at the 95 percent level for a 50-50 split range from "6.6 percent to "12.7 percent. In many cases, the cell sizes are smaller and the confidence intervals are much larger. In general, there would have to be at least a 20 percentage point difference between the Ayes@responses from the Section 162 and Section 811 projects and the Ayes@responses from the Section 202 projects before it would be useful to perform a test for statistical significance.

CHAPTER II.

SECTION 162, SECTION 811, AND SECTION 202 PROJECT CHARACTERISTICS

In many ways the characteristics of housing for persons with disabilities as well as the types of persons served have changed over time. The stock of housing built with Section 162 and Section 811 funding generally consists of smaller buildings (mostly newly constructed or single rather than scattered sites) offering more supportive services than the older Section 202 projects. Properties from both programs are located in central city, as well as suburban and non-metropolitan or rural areas, and the vast majority are in residential (primarily single-family) areas. The predominant racial makeup of the neighborhoods is Caucasian.

This chapter describes both the physical and operational characteristics of Section 162, Section 811, and Section 202 projects. The surveys provided considerable detail regarding the structural characteristics of HUD supportive housing for persons with disabilities, such as building type, number of units (in independent-living projects) or resident spaces⁶ (in group homes), unit mix, number of

⁶Throughout this report, dwellings in independent living facilities are referred to as units and living and sleeping areas for tenants of group homes are called resident spaces or, in some instances, beds. Because this evaluation focuses on the delivery of housing to persons with disabilities as opposed to services, the report measures this product in terms of units, and resident spaces or beds. Unit is a standard real estate industry term for self-contained, private apartment consisting of kitchen and bath facilities and living and sleeping areas. The configuration of these spaces varies from an efficiency or studio unit in which one room accommodates all functions except the bathroom to a unit with separate spaces for each function including multiple

buildings, and number of stories. In addition, the information includes managers' opinions regarding the adequacy of space and other building features.

The chapter includes information about the location of buildings, characteristics of the surrounding neighborhood, availability of needed services such as grocery stores or hospitals, surrounding land uses, and the racial/ethnic composition and family character of the neighborhood. Managers were also asked to rate neighborhood quality and safety.

Data on the characteristics of sponsor organizations (their mission, geographic scope, background in providing housing and supportive services generally and their experience with HUD's Section 202, Section 162, and Section 811 programs) are presented.

The chapter also includes the characteristics of persons residing in HUD supportive housing, as described by the building managers—the types of disabilities they have and their ability to live independently, as well as their age, income, race, and household characteristics. Supportive services available to residents of HUD-assisted buildings, as well as the managers' assessment of service accessibility, quality, and utilization, are highlighted.

The chapter concludes with a discussion of the unique issues involved in managing those Section 202 buildings for the elderly that also have persons with disabilities in residence, focusing on interaction between elderly and non-elderly residents with disabilities.

For most variables, the data are summarized for two groups of survey respondents: (1) Section 162 and Section 811 projects from award years 1989 through 1991 (281 respondents) and (2) Section 202 projects designed for persons with

bedrooms.

In contrast, a group home has shared kitchen, bath, and living spaces with private tenant areas provided only as bedrooms. In some cases, even bedrooms are shared by two residents.

Unfortunately, this evaluation was unable to assess housing products using residents or tenants as the basis of measure. It was not possible to translate units into tenants or residents because some units are occupied by more than one person, and the conversion of tenant spaces or beds to tenants was not feasible because some tenant spaces are not filled.

disabilities from award years 1978 through 1988 (155 respondents).⁷ Unless otherwise noted, all references to Section 202 projects are to buildings designed for persons with disabilities.

For some variables, the analysis also points out how the Section 162 and Section 811 projects in North Carolina (Greensboro field office) differ from, or are similar to, the other projects from the same time period. The North Carolina component constitutes 57, or 20 percent, of the 281 Section 162 and Section 811 projects from which sponsor surveys were received, and an even higher share from the managers of operating buildings. Moreover, the North Carolina projects are sufficiently different from the rest of the newer projects in terms of physical character and experience with the development process to warrant separate analysis.

PHYSICAL CHARACTERISTICS

Type of Construction. The vast majority of Section 162/811 projects are new construction. Of the 281 projects responding, 80 percent were new buildings; 14 percent were rehabilitated residential structures; 4 percent involved other types of acquisitions, including RTC properties; and 2 percent were scattered-site projects with a variety of construction modes.

Section 202 projects involved fewer rehabilitations or conversions. Of the 155 projects in the sample, 139 (90 percent) were new buildings; only 12 were converted residences, one involved an RTC property, and two were former commercial buildings.

A number of sponsors felt that HUD personnel had favored new-construction proposals over acquisition/rehabilitation, but that this preference was changing as staff became more familiar with the new Section 811 regulations. HUD field office personnel indicated that the Section 811 program is more workable for acquisition projects involving moderate rehabilitation, which was not permitted under the old Section 202 program.

Buildings per Project. Of the 281 Section 162 and Section 811 projects, 69 percent were single buildings and 31 percent were multiple structures. Of the

⁷For selected variables, we have also reported findings from the sample of Section 202 projects for the elderly.

multi-building projects, 62 percent involved scattered sites; most of these were group homes. All 57 Section 162 and Section 811 projects in North Carolina are group homes.

Section 202 projects were more likely to have more than one building. Of the 155 Section 202 projects, 55 percent contained only one structure. Forty-five percent had multiple buildings; of these, 52 percent were on scattered sites, and 48 percent had more than one structure at a single location. Older projects tended to be larger on average (more units) and may have needed multiple buildings in order to meet local zoning requirements.

Scattered-site projects constitute a substantial share of the projects in certain states. Some field office personnel and State agencies that fund supportive services look favorably upon the small, low-density projects that are typical of scattered-site applications. However, as will be seen in subsequent sections of this report, scattered-site projects require more review time from field office staff especially if they involve new construction.

Type of Building. Of the 281 projects developed under Section 162 and Section 811, 121 (43 percent) provide independent apartment living (only eight of these have common dining facilities). The remaining 160 projects are group homes, of which 130 are single buildings and 30 are multiple buildings on scattered sites. Group homes licensed as intermediate-care facilities accounted for 11 projects, or 4 percent of the total.

A higher percentage of the Section 202 projects (55 percent) were designed for independent living. Group homes make up a smaller share of the older projects (33 percent) than for the Section 162 and Section 811 projects. Twelve Section 202 projects identified themselves as having both independent-living and group homes. Of the 57 Section 202 group home projects, 39 were single buildings and 12 were scattered sites. Six Section 202 projects described themselves as intermediate care facilities. Exhibit II-1 summarizes these findings.

Number of Stories. The vast majority (71 percent) of Section 162 and Section 811 projects in the sample are one-story buildings; 18 percent have two stories, and 11 percent have three or more stories. Not surprisingly, only 14 percent reported having elevators.

The Section 202 buildings are somewhat taller on average^C again a reflection of their larger size. Sixty-four percent of the sample buildings in this group had only one story, and 22 percent were two stories tall. The remainder had three or more stories. Of the total, 17 percent had elevators. It appears from both survey groups that HUD has, in the past, approved construction of at least some multistory buildings without elevators for developmentally disabled or chronically mentally ill (CMI) tenants. Multistory buildings are usually required to have elevators. Some exceptions, requiring headquarters review, are permitted for scattered-site acquisition projects (where retrofitting with elevators is often difficult or prohibitively costly), provided that at least one of the buildings is fully barrier free.

Under the old Section 202 program, not all of the units in such buildings needed to be wheelchair accessible. Currently, HUD is requiring that new single-level group homes be fully barrier free, even though only a few residents may use wheelchairs.

Exhibit II-1.
Physical Design:
Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811 _____		Section 202 _____	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Apartments with no common dining	113	40.2	84	54.2
Apartments with congregate dining	8	2.8	2	1.3
Group home with common areas	119	42.3	39	25.2
Scattered-site group homes	30	10.7	12	7.7
Group home licensed as intermediate-care facility	11	3.9	6	3.9
Both apartments and group homes	<u>C</u>	<u>C</u>	<u>12</u>	<u>7.7</u>
Totals	281	100.0	155	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Number of Units or Resident Spaces. A wide range of project sizes are represented in both samples. However, it is clear that the average size of supportive housing projects has decreased over time. The largest Section 162 or Section 811 project had 31 units or resident spaces, while the mean size was just under 12. Overall, small projects with fewer than 12 units or resident spaces constitute the majority of the Section 162 and Section 811 group, as seen in Exhibit II-2. Unlike the remainder of the Section 162 and Section 811 group, all 57 North Carolina buildings are group homes with six or fewer bedrooms. Excluding North Carolina, only 14 percent of the projects are this small and 25 percent have 19 units or more. (See Appendix E, Exhibit E-1.)

The number of residents served per project represents a major distinction between Section 202 projects and the more recent Section 162 and Section 811 awardees. Although 31 percent of the newer projects had six or fewer units or resident spaces, only 4 percent of the Section 202 projects were this small. Another 26 percent had between 7 and 12 resident spaces or units. Nearly half of the Section 202 sample had 19 or more units or resident spaces.

Over the years, HUD has steadily reduced the maximum number of units permitted in ILFs (and resident spaces in group homes). For group homes, the decrease was in response to the desire to create more homelike living environments, and it reflected changes in State social services funding criteria, which favored smaller projects. It also helped to spread HUD funds among a larger number of communities and neighborhoods with supportive housing needs and prevented oversaturation of local markets.

The reduction of project size was supported by many sponsors, especially those who develop group homes. Sponsors of ILFs had more difficulty with the changes, because many of their properties are multistory buildings requiring elevators and other expensive construction features. The cost of these items could no longer be spread over a larger number of units.

Unit/Bedroom Characteristics. The types of units provided in ILFs and the types of bedrooms offered in group homes have changed somewhat over time. Newer projects have fewer studio apartments and shared group-home bedrooms.

Number of Bedrooms in ILFs. One-bedroom apartments are the most common and the easiest to market to prospective residents. Encouraging construction of studio apartments was a key component of cost containment efforts in the early to mid-1980s. However, HUD field office personnel indicate that conflicts with sponsors over studio units were far more prevalent in projects for the elderly than in Section 202 buildings with units for persons with disabilities. Of the 97 Section 202 ILFs for persons with disabilities, only 14 percent contained one or more studio apartments. All but five projects offered one-bedroom units. Only five projects had any three-bedroom units and less than half offered any two-bedroom units. Because families with children are relatively rare in Section 202 projects, multibedroom units generally house two or more unrelated adults.

ILFs funded between 1989 and 1991 have even fewer studio units, reflecting the changes in HUD policy that occurred in the late 1980s. Only 10 ILFs reported having any studios at all. All of these newer projects had one-bedroom units, 49 had two-bedroom units, and only one project reported having any three-bedroom units.

Managers almost uniformly indicated that one-bedrooms are the most popular, and the easiest to fill. Studio apartments are the most difficult to lease. This is true for both older and newer properties.

Single and Shared Bedrooms in Group Homes. Among the 281 Section 162 and Section 811 group homes, single-occupancy bedrooms are more common than shared rooms. Only 26 projects reported having any shared bedrooms, while 142 reported having bedrooms occupied by only one person. Some projects have both types of bedrooms.

Shared bedrooms were found in 9 percent of the 69 older group homes in the Section 202 program. Projects with shared bedrooms were more common during the 1980s because this was one way to meet cost containment efforts. Today, most sponsors believe that adults with disabilities should have the privacy of single-occupancy rooms. Shared baths are still the norm, however.

Adequacy of Physical Design, Layout, and Furnishings. Most managers felt that units and bedrooms were adequately sized. Interestingly, managers of older projects were more satisfied with independent living spaces than were managers of the newer Section 162 and Section 811 buildings. With respect to common areas, most managers, especially of new projects, were satisfied with the amount of space allocated to group activities, although a substantial minority were especially vocal about insufficient office space.⁸ (See Exhibits II-3A and II-3B and Appendix E, Exhibit E-2.)

Common Areas. Most sponsors felt common spaces were adequately sized—80 percent of the Section 162 and Section 811 respondents and 69 percent of the Section 202 managers. (See Exhibit II-4.)

About one-quarter of Section 202 respondents felt that their common space was somewhat small or insufficient. Managers of older projects also tended to be more negative regarding the adequacy of their common kitchens and dining rooms; 19 percent were unhappy with the size of

⁸ Because some sponsors were known to be unhappy with the constraints on unit sizes and common area space resulting from HUD cost controls imposed during the 1980s, we asked managers to comment on whether they thought the size of units, bedrooms, and common spaces in their buildings was adequate to meet the needs of residents with disabilities. The Section 202 program had unit-size limitations that some sponsors considered inadequate. Small rooms were said to be especially restrictive for persons in wheelchairs. Sponsors often used private funds to construct larger bedrooms and units that they considered more acceptable.

their dining areas and 34 percent thought their kitchens were inadequate.

Some respondents would have liked more outdoor garden space, but the vast majority felt that what they had was just right or more than they really needed. It should be noted that some of the Section 202 properties (17 percent) did not comment on the area surrounding the buildings. A number of urban projects included in the field visit sample had little or no usable outdoor space.

Concerns about the adequacy of management office space (voiced by 29 percent of the Section 162 and Section 811 managers and 40 percent of the Section 202 managers surveyed) and equipment storage/maintenance facilities (37 percent for Section 162 and Section 811 and 46 percent for Section 202) were the most common complaints; however, they represented less than half of all projects responding. It is important to note that many projects have no indoor storage and maintenance areas at all, so their managers did not rate the adequacy of existing spaces.⁹

The effects of cost containment efforts during the 1980s were most often seen in the amount of common area a project could build without obtaining funds from non-HUD sources. It is therefore not surprising to see that older projects are more likely to rate the size of these spaces as small or insufficient.

Furnishings and Equipment. Managers were asked whether their common spaces were adequately furnished, and virtually all of the respondents (97 percent of Section 162 and Section 811 properties and 94 percent Section 202 buildings) said yes. It is important to note, however, that 63 percent of Section 162 and Section 811 sponsors and 45 percent of the Section 202 respondents indicated that outside funds (provided by sponsors, private donations, or State and local governments) were needed to supplement what HUD was willing to spend on common area furnishings and decor. About one-third also noted that outside funds were used for office equipment, and 23 percent of the Section 162 and Section 811 and 19 percent of the Section 202 buildings used non-HUD dollars for landscaping. Although not all projects have common kitchens, some of those that do have needed outside funds to complete them.

Field visits confirmed that many HUD supportive housing facilities raise outside funds to help with furnishings and equipment. Among the projects visited, non-HUD funds were used for such items as air conditioning, balconies, extra wheelchair ramps, hobby rooms, high-capacity laundry equipment, larger stoves and refrigerators, freezers, fencing, landscaping, and storage sheds.

During field visits, AREA and Abt staff saw properties where the sponsors furnished all apartments or bedrooms in a similar manner, as well as projects where tenants brought their own furnishings for their private spaces. Residents of ILFs are more likely to bring their own furniture; in group homes, individual sponsors have different policies regarding bedroom furnishings.

⁹ For example, of 137 responding managers of Section 162 and Section 811 properties, 56 had no storage and equipment rooms. Newly built group homes on slab foundations (with no basements) are most likely to have insufficient space of this type. Some sponsors have raised funds to build outdoor storage sheds to compensate for the problem.

Managers of Section 202 projects were asked if adequate funds were available to replace or repair their furniture and appliances. Of 145 responses received, 120 said yes and only seven said no; 18 didn't know, perhaps because no replacement needs had occurred during their tenure with the project. The most common source of replacement funds was the project's reserve account; the second most common source was the sponsor or management organization's own funds. It is relatively rare for a project to get State or local funds for repairs and replacement needs.

LOCATION AND NEIGHBORHOOD CHARACTERISTICS

Location. As shown in Exhibit II-4, the surveyed projects are found in a variety of locational settings. Roughly one-fourth of both the Section 202 and Section 162 and Section 811 projects are located in rural or non-metropolitan areas. Central-city projects accounted for 38 percent of the Section 162 and Section 811 and 41 percent of the Section 202 projects, while the suburban projects equaled 28 percent of both response groups.

Exhibit II-4.
Location of Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811		Section 202	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Central city	108	38.4	64	41.3
Suburbs	78	27.8	43	27.7
Rural/non-metropolitan	71	25.3	36	23.2
Scattered-site projects with multiple locations	<u>24</u>	<u>8.5</u>	<u>12</u>	<u>7.7</u>
Total	281	100.0	155	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Predominant Land Uses Near the Project. Nearly three-fourths of the occupied Section 162 and Section 811 buildings are located in single-family residential settings. Only 8 percent were in areas where apartments or condos are the dominant land use, and just 5 percent were surrounded by commercial or institutional uses. Section 202 buildings were located in a wide variety of settings. Although nearly half (48 percent) were in areas where single-family housing dominated, another 15 percent were located in multifamily residential neighborhoods, and 10

percent were in areas with mainly commercial or institutional uses.

The smaller scale of the typical Section 162 or Section 811 project may help explain the differences in nearby land uses over time. A group home serving six or fewer residents can usually blend well into a single-family residential neighborhood. (In North Carolina, for example, State legislation recognizes this compatibility and automatically permits six-bedroom group homes in areas zoned for single-family dwellings). The larger ILFs and group homes characteristic of Section 202 properties would have more difficulty fitting in (and receiving zoning approval) in single-family neighborhoods.

Racial/Ethnic and Family Characteristics of Surrounding Areas. Most supportive housing facilities are located in predominantly white neighborhoods. When asked to indicate the dominant racial/ethnic group (if any) in the neighborhood surrounding their properties, 90 percent of Section 162 and Section 811 managers indicated that the area population was predominantly white and non-Hispanic. Only 8 percent were located in neighborhoods populated primarily by blacks; only one of 133 properties was in a predominantly Hispanic area. A somewhat higher percentage of Section 202 projects were located in minority neighborhoods. Nearly 18 percent of 148 responses were from properties located in predominantly black areas; another 3 percent were in neighborhoods where Hispanics or Asians are in the majority.

Family characteristics of the areas varied considerably among the surveyed projects. The most common response was that the surrounding neighborhood contained a mixture of household types, with no one type dominant (49 percent of the Section 162 and Section 811 projects, and 61 percent of the Section 202 projects). Neighborhoods with children accounted for nearly one-third of the responses from Section 162 and Section 811 projects but only 21 percent of the Section 202. The remaining properties were located in areas with mainly mature adult households, or contained scattered-site buildings in a variety of neighboring household types.

Proximity to Shopping and Hospitals. A majority of managers indicated that their projects were well located with respect to basic shopping needs and medical facilities. When asked about the distance to the closest supermarket, roughly two thirds of respondents indicated that stores were located within one mile. However, 27 percent of the Section 162 and Section 811 projects and 9 percent of the Section 202 properties were located 2 miles or more from grocery shopping. Most residents need to be transported to shopping. Roughly 54 percent of the Section 162 and Section 811 respondents said their buildings were located within 2 miles of a hospital, but only 37 percent of the Section 202 respondents reported being that close. Many managers of group homes for persons with developmental disabilities said that the proximity of the nearest hospital was less important to their residents than a good working relationship with a hospital where staff specialize in the needs of persons with disabilities.

Neighborhood Physical Condition and Quality. Most supportive housing developments are located in sound neighborhoods with little evidence of physical deterioration. Conditions do not vary dramatically between the older Section 202 and the newer Section 162 and Section 811 projects. A small number of managers expressed concerns with surrounding conditions,

suggesting a need for neighborhood preservation and maintenance efforts for affected areas.

Of 137 responses from managers of Section 162 and Section 811 projects, the vast majority (85 percent) rated the neighborhood surrounding the building as excellent or good; 75 percent of the managers of Section 202 projects offered similarly positive ratings. Over two-thirds of respondents in both groups felt that nearby buildings were in sound condition, but it is important to note that 15 percent of Section 162 and Section 811 respondents and 9 percent of Section 202 managers said area buildings were experiencing some deterioration. The condition of public-sector infrastructure was not rated as highly as structural maintenance. Although 66 percent of Section 162 and Section 811 managers and 61 percent of Section 202 managers stated that infrastructure was well maintained, the others saw the need for repairs and upgrading.

Neighborhood Safety. Neighborhoods are perceived to be safe by most managers. When asked to rate the safety of the neighborhood surrounding their projects on a scale of 1 to 5 (with 1 being a very safe area and 5 being dangerous), 43 percent of the Section 162 and Section 811 respondents gave a 1 rating, and another 45 percent rated their locations a 2. Only 13 percent seemed concerned about the safety of the surrounding area, giving their neighborhoods ratings of 3 or 4. None of the newer projects were located in areas said to be dangerous.

Neighborhoods surrounding the older Section 202 properties were rated slightly differently. A higher percentage of managers (53 percent) rated their neighborhoods a 1. However, 19 percent were given ratings of only 3 or 4, or somewhat dangerous. Another 5 percent described their surroundings as very dangerous (a 5 rating). A few of the more dangerous properties were included in the field visits. Some require additional security measures, such as bars on first-floor windows, extra locks, and buzzer entry systems.

SPONSOR CHARACTERISTICS

Sponsors of HUD supportive housing tend to have substantial experience as providers of housing and/or social services. A majority of projects were sponsored by organizations whose primary mission is providing services for disabled persons. Many projects built under the Section 162 and Section 811 programs were sponsored by organizations that were familiar with the old Section 202 program, having developed or managed multiple buildings designed specifically for persons with disabilities.¹⁰

This section provides information on the characteristics of supportive housing sponsors, their geographic scope, target clients, and experience with supportive housing programs.¹¹

¹⁰ For example, The Arc of North Carolina (formerly known as the Association for Retarded Citizens) has developed 206 group homes throughout the State under the Section 202, Section 162, and Section 811 programs. These projects contain nearly 1,200 group home beds, mainly in six-bed buildings.

¹¹ Results reported in this section do not distinguish between respondents who provided data on multiple projects and those who had only one project during the years covered by the evaluation. It is also important to note that the database was

Sponsor Experience with Housing in General. Many successful Section 162 and Section 811 sponsors gained valuable experience by participating in the Section 202 program as a sponsor or manager (or both). Of 278 responses received from Section 162 and Section 811 buildings, 84 percent said their organization had prior experience as a sponsor of housing for persons with disabilities, compared with only 54 percent of the 112 Section 202 projects' sponsors (see Exhibit II-5). Among the Section 162 and Section 811 projects, 86 percent of the properties had sponsors with prior experience in housing management, while 62 percent had served in a housing development capacity.

Exhibit II-5.
Sponsor's Prior Housing Experience:
Section 162, Section 811, and Section 202 Projects

	<u>Section 162 and Section 811</u>		<u>Section 202</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
As sponsor	(N=278)		(N=112)	
Yes	235	84.5	61	54.5
No	43	15.5	51	45.5
As developer	(N=275)		(N=111)	
Yes	172	62.5	61	55.0
No	103	37.5	50	45.0
As manager	(N=278)		(N=112)	
Yes	239	86.0	70	62.5
No	39	14.0	42	37.5

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

constructed using information defined by project rather than sponsor. As a result, it is not possible to assess the impact or experience of specific sponsors on the supportive housing program.

Sponsor Experience with HUD Programs. As a group, the sponsors of the responding projects have considerable experience with HUD programs serving persons with disabilities (see Exhibit II-6). The level of experience has grown over time. Whereas 40 percent of the Section 202 projects were their sponsor's first experience with HUD supportive housing, only 14 percent of the Section 162 and Section 811 projects' sponsors were new to the program. All but one of the 57 North Carolina projects had experienced sponsors.

Exhibit II-6.
Sponsor's Experience with HUD Supportive Housing for Persons with Disabilities: Section 162, Section 811, and Section 202 Projects

	<u>Section 162 and Section 811</u>		<u>Section 202</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Sponsor has had other projects approved under Section 202/162/811	(N=280)		(N=114)	
Yes	229	81.8	70	61.4
No	51	18.2	44	38.4
(Of sponsors with more than one project) Subject project was sponsor's first experience with Section 202/162 /811	(N=229)		(N=72)	
Yes	32	14.0	29	40.3
No	197	86.0	43	59.7

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Because the database created for this research effort does not include unsuccessful funding applications, it is impossible to form conclusions regarding the extent to which first-time sponsors are able to successfully compete against those with prior HUD experience. It is clear from the data that experienced sponsors capture the majority of awards. According to field office personnel, current point ranking systems favor sponsors with a good track record. At least two field office respondents suggested that separating out the funding for projects designed for persons with disabilities encouraged new sponsors with small projects to apply for the first time. Prior to establishment of Section 811, new sponsors felt unable to compete with the bigger proposals for buildings for the elderly and their more experienced sponsors.

Sponsor Experience with Provision of Services. The Section 162 and Section 811 sponsors reveal widespread experience in providing supportive services to persons with disabilities (see Exhibit II-7). Only nine Section 162 and Section 811 projects were built by sponsors with no prior experience in delivering supportive services.

Exhibit II-7.
Sponsor's Experience with Providing Services to
Persons with Disabilities: Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811		Section 202	
	Number	Percent	Number	Percent
In a residential setting only	44	15.7	25	22.1
In a non-residential setting only	11	3.9	17	15.0
In both residential and non-residential settings	217	77.2	59	52.2
First experience	<u>9</u>	<u>3.2</u>	<u>12</u>	<u>10.6</u>
Total	281	100.0	113	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Sponsors of older Section 202 projects were less likely to be operating a mixture of housing and day services, and more likely to be using the subject Section 202 project as their first effort in providing supportive services.

Sponsor Geographic Scope. Although most sponsors describe themselves as locally based associations, it is sometimes difficult to tell whether they are truly local or local affiliates of national organizations. The crux is whether they act independently. Where local sponsor affiliates have control over development decision-making, they tend to call themselves **local** even though they may have a national **umbrella organization** behind them. Local affiliates of The Arc (formerly Association for Retarded Citizens), a sponsor of supportive housing projects throughout the U.S., are examples.

Exhibit II-8.
Geographic Scope of Sponsor Organization:
Section 162, Section 811, and Section 202 Projects

	<u>Section 162 and Section 811</u>		<u>Section 202</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Local group	215	76.5	86	75.4
Local affiliate of national group	49	17.4	22	19.0
National group	<u>17</u>	<u>6.0</u>	<u>6</u>	<u>5.3</u>
Total	281	100.0	114	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Sponsor Mission. A majority of both Section 162 and Section 811 (54 percent) and Section 202 sponsors (52 percent) describe themselves as social service organizations whose focus is providing services to persons with disabilities. Mental health services organizations sponsored 18 percent of the Section 202 projects and 25 percent of the Section 162 and Section 811 projects. Projects for persons with chronic mental illness represent a growing share of the applications approved in recent years. Religious and civic groups are less active as sponsors of Section 162 and Section 811 projects than they were during the early and mid-1980s.

Disability Focus. Of those projects sponsored by groups whose primary mission is serving persons with disabilities, organizations serving developmentally disabled persons account for nearly half (47 percent of the Section 162 and Section 811 projects sponsors= and 48 percent of the Section 202 projects= sponsors). (See Exhibit II-9.) Only a small fraction of sponsors in either sample devote their primary attention to serving persons with physical disabilities, and most of these are persons with mobility impairments.

Exhibit II-9.
Focus of Sponsors Providing
Services to Persons with Disabilities:
Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811		Section 202	
	Number	Percent	Number	Percent
Physical disabilities	10	4.2	8	9.3
Developmental disabilities	112	47.3	41	47.7
Chronic mental illness	72	30.4	19	22.1
HIV positive	5	2.1	C	C
Many types of disabilities served	32	13.5	16	18.6
Other	6	2.5	2	2.3
Total	237	100.0	86	100.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

TENANT CHARACTERISTICS

The most common disability type is developmental: Roughly two-thirds of residents in the HUD supportive housing projects surveyed serve one or more persons with developmental disabilities. Many supportive housing developments house persons with multiple disabilities. Sponsors and managers believe that their projects are now serving a population with more severe disabilities than they did in the past. Nearly two-thirds of all projects have one or more residents who need personal care services in order to live independently. Section 202 projects are more likely to serve persons with physical disabilities (primarily mobility impairments) than are the Section 162 and Section 811 projects.

Non-Hispanic whites constitute roughly 80 percent of all residents in buildings designed exclusively for persons with disabilities. Single persons constitute the vast majority of resident households; spouses and children tend to be found only in apartment buildings for the physically challenged. The average age of residents was in the mid-thirties for both program groups. Although some tenants are able to work full- or part-time, average annual income for tenants in all projects was under \$6,500; Supplemental Security Income (SSI) payments are the primary source.

Types of Disabilities. The pervasiveness of developmental disabilities is clear from the data: Managers indicate that 68 percent of projects from the Section 162 and Section 811 group and 64 percent of Section 202 projects house one or more persons with developmental disabilities.¹² This finding is consistent with the large number of group homes for retarded citizens, especially among the funded and completed projects from 1989-91. (All of the responding North Carolina managers indicated their group homes served persons with developmental disabilities.)

The most commonly cited physical disability is mobility impairment. This is mentioned by 59 percent of the Section 202 projects and 48 percent of the Section 162 and Section 811 respondents (see Exhibit II-10). Forty percent of the Section 202 properties serve persons with multiple physical handicaps. It is clear that physical disabilities are more commonly found among residents of projects in the Section 202 group.

Chronic mental illness was found among one or more tenants in 30 percent of the Section 162 and Section 811 projects and 40 percent of the Section 202 properties. Residents often have multiple disabilities: 30 percent of Section 162 and Section 811 properties and 63 percent of the Section 202 properties serve persons with both physical and mental or emotional disabilities. Such projects require a wider array of supportive services.

As was seen in Exhibit II-9, few Section 202 sponsors (and even fewer Section 162 and Section 811 sponsors) are oriented to persons whose sole disability is mobility impairment. It may be that the provisions of the Americans with Disabilities Act (and other laws designed to protect disabled persons from discrimination in the workplace) have helped many of these persons find

¹² Multiple responses were permitted, allowing managers to fully describe the range of disabilities for which services must be provided.

work, so they are no longer eligible for supportive housing by virtue of their incomes. For working people with impaired mobility, there is a growing array of choices available in the private housing market; thus there are fewer proposals to build supportive housing for the physically challenged.

Exhibit II-10.
Disability Types Found in Occupied Projects:
Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811 (N=137)	Section 202 (N=155)
Deaf/hearing impaired	16	59
Blind/vision impaired	15	54
Mobility impaired	66	91
Multiple physical handicaps	16	62
Developmental disabilities	93	98
Chronic mental illness	41	62
Substance abuse	12	29
HIV positive	2	12
Both physical and mental disabilities	31	95

Note: Multiple responses were permitted. Numbers refer to the number of projects mentioning each disability type.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Need for Personal Care Attendant or On-Site Services. The majority of supportive housing projects surveyed have one or more residents who require daily assistance with personal care in order to live independently.¹³ Of the 155 Section 202 projects, only 34 percent said that none of their residents needed personal care assistance, as did 29 percent of the respondents from the Section 162 and Section 811 group. At the other end of the spectrum, 26 percent of Section 202 managers and over half of those managing Section 162 and Section 811 projects (52 percent) said that **all** of their tenants needed such help. As will be seen in the next section of this chapter, on-site personal care services are more commonly found in a group home setting than in ILFs.

¹³ As another way of determining the degree to which tenants need supportive services, we asked managers to indicate the percentage of tenants that require personal care assistance (help with bathing, dressing, grooming, and meal preparation).

The vast majority of projects have residents who need on-site services in order to live independently. Only 28 percent of Section 202 projects stated that **none** of their residents required on-site supportive services; most of these were ILFs serving the physically challenged or persons with chronic mental illness (who often receive supportive services at off-site programs or health care practitioners' offices). Among managers of group homes, 81 percent stated that **all** of their residents needed on-site supportive services.

Ability of Tenants to Live Independently. During the field visits, managers were asked detailed questions about the nature and severity of their tenants' disabilities, how the mix of disabilities has changed over time, and the percentage of residents who could live independently outside of a supportive housing program. Some sponsor groups in the field sample provide a wide array of housing options for their clients, including scattered-site independent-living (with minimal supervision) apartments. They are committed to placing clients in the least restrictive environment possible. To that end, sponsors of group homes for developmentally disabled persons have been shifting to smaller homes with fewer residents. As tenants develop more daily living skills, they are moved to locations with lesser degrees of supervision if the sponsor has such accommodations available.

At the same time, however, most sponsors believe that their HUD projects are now serving persons with more severe disabilities than they did in the past. In part, this has resulted from residents aging in place in older Section 202 buildings. But it also results from State policies encouraging de-institutionalization of developmentally disabled persons living at state-owned facilities or privately operated training schools. Some states have been transferring their clients to privately run community-based facilities for years. Those residents most able to function well in the community were transferred first. Persons left in institutions often had severe disabilities or multiple problems that made community placements more difficult. The difficulty of placing these clients in scattered-site independent apartments reinforces the need for HUD supportive housing.

A majority of residents currently served by HUD supportive housing would be unable to live totally on their own. According to research, some sponsor organizations (and advocates for persons with disabilities) would like to see Section 811 funds used to purchase condominiums or provide housing vouchers for disabled individuals. However, the percentage of persons currently being served by HUD supportive housing programs who could live successfully in a less segregated environment is limited.

Certainly some of the residents in HUD supportive housing would be able to manage on their own—especially if their sole disability was physical. However, managers interviewed during the on-site visits doubted that these residents would find affordable housing with the necessary physical adaptations, especially in older urban neighborhoods or rural communities. Even when residents need few supportive services or can find services in the community, it is often difficult to locate affordable housing designed to accommodate persons with physical disabilities. In a few neighborhoods where security is an issue, the managers felt that disabled persons living alone would be less safe than in a staffed, secure building. In other cases, tight housing market conditions provide property owners with a large choice of tenants, and owners are often reluctant to select tenants who may require special services or amenities.

Previous Place of Residence. According to managers, residents of HUD supportive housing projects are most likely to have previously lived either with relatives or friends or in institutional settings such as nursing homes.¹⁴ One or more formerly institutionalized residents were found at 74 percent of the Section 162 and Section 811 projects and 63 percent of the Section 202 projects. (See Exhibit II-11.) These tenants benefit from HUD housing because they are now able to live more independently, reside in the community, and obtain services tailored to their needs.¹⁵

Exhibit II-11.
Tenants' Prior Housing Circumstances:
Section 162, Section 811, and Section 202 Projects

	Section 162 and Section 811 (N=137)	Section 202 (N=155)
Non-subsidized independent-living	35	7
Subsidized housing	22	61
Lived with relatives or friends	102	124
Lived in a nursing home or other institutional setting	101	98
Other situations	28	37

Note: Multiple responses permitted.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

¹⁴This finding is different from the tenant survey results because the tenant respondents were generally ILF residents, whereas the managers provided information for residents of both group homes and ILFs.

¹⁵Managers were asked to comment on the prior place of residence of their tenants. Multiple responses were permitted, since tenants in a given building may have come from a variety of housing situations. Managers were not asked to estimate the percentage of tenants coming from each type of prior housing situation, just whether any of their tenants had lived in the types of situations listed. (Additional information on this issue was obtained from the tenant survey.)

A number of projects (mainly ILFs designed for persons with disabilities) drew tenants from other subsidized or non-subsidized independent-living situations. Such tenants are likely to have improved their housing conditions, improved their access to supportive services, and/or lowered their housing costs as a result of moving to Section 202, Section 162, or Section 811 buildings. Many tenants in supportive housing projects formerly resided with elderly parents who were no longer able to care for them. (These residents have admission priority under supportive services funding guidelines in some states.)

Racial/Ethnic Characteristics. In 110 occupied Section 162 and Section 811 projects, on average, 80 percent of tenants are white non-Hispanic; 15 percent are black, 2 percent Hispanic, 1 percent Asian, and 1 percent Native American. The group includes only one project with an all-minority tenant base. The maximum percentage of tenants who are black in any project was reported to be 92 percent. Only four projects were more than 25 percent Hispanic.

For the 155 Section 202 projects, non-Hispanic whites constituted 79 percent of all residents. Only four projects had 100 percent minority occupancy. African-Americans were 17 percent of all Section 202 tenants, with Hispanics at 2 percent, Asians 2 percent, and all other minorities just under 1 percent.

Household Type. As might be expected given program rules and the resulting mix of unit types, the vast majority of tenants are single persons. Most projects do not have couples or families with children. A few projects serving persons with physical disabilities have families residing in them.

Age. The average age of residents in Section 162 and Section 811 buildings was 36 years; the ages reported by managers ranged from 24 years to 47 years. In the Section 202 buildings for both elderly and disabled persons, the average age of non-elderly tenants was only slightly older—44 and 38 years old for tenants of the two housing types, respectively.

Tenant Income. Supportive housing residents have annual incomes that average under \$6,500. Tenants receive personal income from a variety of sources, most commonly the Federal Supplemental Security Income (SSI) program. In some cases, SSI payments go to the tenant's parents or guardian, who are then billed for 30 percent of income as the tenant's share of housing-related costs. For tenants who are wards of the state, payments may be made directly to the building management, depending on the state. Some group home tenants are also given a small personal allowance by their family or by the state.

Some tenants also earn income from full- or part-time employment in the community or in sheltered workshops (factories or service businesses where all of the employees have disabilities). Such earnings are added to payments from SSI when calculating the resident's share of housing costs.

Of 110 projects in the Section 162 and Section 811 group that reported tenant incomes, the average annual income (in 1993) was \$6,370. The average income at individual projects ranged from a low of \$600 to a high of just under \$12,000. At the low end of the range, tenants were probably ineligible for SSI. Individual tenants in some Section 162 and Section 811 buildings have reported incomes as high as \$20,000; in some metropolitan areas, such income is still low enough to be eligible for supportive housing, although this would not be true in most locations. Reported tenant income averages were very similar for the Section 202 residents (\$6,295).

SUPPORTIVE SERVICES

Most projects surveyed by AREA provide some supportive services, either on-site or off-site. Although HUD itself does not provide funding for non-shelter supportive services, it requires sponsors to submit service plans as part of the application process. However, HUD does not require submission of annual budgets for supportive services, nor does it have jurisdiction over how services are delivered or over continued funding once a project is open.

The mix of services varies considerably between independent-living projects and group homes. Group homes are very service-intensive, but many ILFs, especially those housing persons with physical disabilities, offer relatively few on-site services. (See Exhibit II-12, and Appendix E, Exhibits E-3 and E-4.) Properties designed primarily for occupancy by the elderly offered few sponsor-provided on-site services. Local senior citizen centers provide many of the services, such as hot meal programs and social activities, that are typically offered on-site in buildings for persons with disabilities. Sponsors and managers of senior citizen buildings that house non-elderly disabled tenants frequently voiced concern about the adequacy of services available to their younger disabled residents.¹⁶

Sponsor Responses Regarding Service Mix. According to sponsors, a majority of group home projects provide meals, transportation, and personal assistance services on site. (Far fewer ILFs provide these services.) Social services, wellness programs, and recreational activities are also offered on site, especially by group homes, but some needs are met off site and some sponsors

¹⁶Sponsors were asked to indicate the types of supportive services that are available to their residents (or will be for those projects not yet completed); indicate whether the services were provided on or off site; and rate the overall quality and accessibility of those services at completed buildings. Managers commented on the extent to which residents make use of supportive services and the extent to which their tenants would be able to live independently if supportive services were unavailable. They were also asked to rate the relative importance of the services they offer and indicate whether they would like to be able to offer any on-site services not currently provided.

use both in-house and outside resources. Health care providers (medical, dental, psychological services) are most likely to be obtained off site, but some projects do have visiting medical practitioners.

A small number of projects reported that they provide relatively few supportive services, either on-site or off-site. See Exhibits II-12 and II-13 and Appendix E, Exhibits E-3 and E-4 for a summary of the services planned or provided in both independent-living and group-home projects. Among Section 202 projects for persons with disabilities, 14 percent of the independent-living facilities provide no supportive services at all.¹⁷

¹⁷ In one such project that was visited by AREA staff, residents obtained services on their own from state agencies, or private service providers such as United Cerebral Palsy. Residents used public transportation, dial-a-ride, or van services from social service agencies. No meals were provided, although residents have access to a common kitchen (their rooms have no kitchen equipment).

Exhibit II-13.
Projects Not Providing Basic Supportive Services
Section 162 and Section 811 Projects and
Section 202 Projects for Persons with Disabilities

	Section 162 and Section 811		Section 202 for persons with disabilities		
	Percent of total ILFs (N = 121)	Percent of total group homes (N = 160)	Percent of total ILFs (N = 86)	Percent of total group homes (N = 57)	Percent of mixed GH/ILF projects (N = 12)
Meals	71.2	6.9	74.4	5.3	8.3
Housekeeping	74.6	44.0	65.1	14.0	41.7
Transportation	30.5	5.7	41.9	3.5	8.3
Social services	8.5	1.9	20.9	14.0	16.7
Recreation	15.3	0.6	24.4	1.7	0.0
Personal assistance	31.4	1.3	33.7	5.3	0.0

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Manager Responses on Utilization and Quality of Services.¹⁸ In general, when projects provide basic services (such as meals, a van, recreational activities, etc.), the vast majority of residents use them. The services of health care providers, vocational programs, drug abuse counselors, etc., are less likely to be used by the majority of tenants; demand is based on the individual needs and physical capabilities of residents.

Managers rated sponsor-provided services more positively than services provided by outside organizations. Sponsor services in older projects received higher overall ratings than those offered at newer Section 162 and Section 811 projects. Of 124 managers of Section 202 projects that rated the quality of supportive services provided by project sponsors, 62 percent rated them "excellent" and another 31 percent said they were "good."¹⁹ Among 127 Section 162 and Section 811 respondents, only 46 percent rated sponsor services "excellent," with a majority (53 percent) describing them as "good." The reasons for the differences in ratings are not obvious. It may be that managers of newer projects had higher expectations.

Of 140 responses from Section 202 projects for disabled persons, 34 percent described outside services as "excellent," and 46 percent said they were "good." Twenty percent were not happy with services provided by outside agencies. The Section 162 and Section 811 respondents were

¹⁸ Managers provided more detailed information on service delivery in completed projects and the use of these services by their tenants. Again, it is important to keep in mind that service-intensive group homes constitute the majority of responses in the Section 162 and Section 811 group but only 37 percent of Section 202 projects designed for the disabled and none of the buildings for the elderly.

somewhat more positive about outside service providers, with only 9 percent giving "average" or "poor" ratings.

Managers of buildings designed for persons with disabilities find that off-site services are accessible to their tenants: 74 percent of the Section 162 and Section 811 respondents said accessibility was "good," and another 18 percent said "excellent." Only 11 respondents from the Section 162 and Section 811 group felt that accessibility was just "fair" or "poor."

Services available to disabled residents of buildings designed for the elderly are not nearly as extensive. Of 71 surveyed projects, only 41 (58 percent) had **any** sponsor-provided support services at all; of these, 44 percent rated the quality of sponsor services as "fair" or "poor." Services delivered by off-site providers were generally rated higher: 23 percent were deemed "excellent" and 50 percent were "good." Only 44 percent of the buildings for the elderly had any on-site meal program. Sixteen (23 percent) provided no transportation services at all, and a similar percentage relied on off-site providers (usually local bus systems). Personal assistance was available in only 52 percent of the buildings for the elderly. A problem for mobility-impaired residents or for persons requiring regular medication.

Most sponsors of buildings designed for persons with disabilities encourage residents to leave their building and go into the community for health care services. In contrast, Section 202 buildings designed for the elderly are more likely to encourage doctors and nurses to visit their buildings. It is not clear to what extent non-elderly disabled persons make use of these on-site health services.

Relative Importance of Support Services. Managers were asked to indicate the three most important supportive services available to residents of their building. The perceptions of Section 202 managers were different from those of the Section 162 and Section 811 projects. At the newer Section 162 and Section 811 properties, transportation was the most frequently listed service overall, followed by meals (with the highest number of first-place votes), personal care assistance, and social work. Responses from the Section 162 and Section 811 group reflect the fact that group homes constituted a majority of the cases. In Section 202 buildings, the mix of available services is different and personal care is not a given, as it is in most group homes. Section 202 managers ranked personal assistance as the single most important service (it also had the most first-place votes).

Satisfaction with Range of Services Offered. Most managers were very satisfied with the mix of services currently provided in their buildings. Very few mentioned services they would like to provide but currently do not offer. Of those that cited additional service needs, transportation was the most common response. Among the Section 202 projects, 52 (35 percent) indicated that they do not have a van or station wagon, yet only 14 said they would like to have their own vehicle and another 5 cited the need for improved transportation services generally. The Section 162 and Section 811 projects are more likely to have their own transportation (87 percent said they did).

The managers of Section 162, Section 811, and Section 202 projects for persons with disabilities rarely cited additional on-site supports that would be desirable for their buildings. No more than two to four respondents indicated the desire to add particular services that they currently lacked.

For example, ILFs without congregate meals do **not** wish to add them. In buildings with in-unit kitchens, congregate meals are probably unnecessary; in other projects, managers may avoid serving meals for a variety of reasons: cost, the difficulty of finding staff, and a desire to have residents do more for themselves whenever possible.

During field visits, few sponsors and managers had suggestions for additional needed services other than transportation. Some mentioned that budget limitations have forced them to cut back on services.¹⁹ Other sponsor/managers have had to share services with other buildings in order to save money, but few mentioned that services had to be eliminated altogether.²⁰

Employment of Social Workers or Supportive Services Coordinator. Managers were asked whether their projects employed staff, on either a full- or part-time basis, to provide assistance in delivering services to tenants. Of the Section 162 and Section 811 projects, 43 percent had a full-time social worker or social services coordinator; another 7 percent used part-time or volunteer help. The proportion of Section 202 buildings employing full-time social services staff was about the same (45 percent); another 23 percent used part-time or volunteer help. In larger sponsor organizations, full-time social workers are shared among more than one building or project. Where projects are currently employing their own social services staff, funding tends to come from the sponsor organization itself, from a government grant, or in conjunction with a government agency program.

Among the 71 Section 162 and Section 811 buildings that did not employ their own social worker or services coordinator, 72 percent relied upon social work staff provided by a government agency, as did 12 of the Section 202 projects. In many cases, the resident manager or project manager provided social work services. Some supportive housing projects also receive assistance from a private agency's social work staff. These agencies may, in turn, receive government funding for providing services to clients with certain types of disabilities.

We asked what would be done if funding for an in-house social services coordinator became available through a new HUD program initiative.²¹ Thirty of the Section 162 and Section 811 projects (21 percent) said they would hire either a full- or part-time staff person, as did 43 percent of the Section 202 buildings; 21 percent of the Section 162 and Section 811 and 23 percent of the Section 202 managers said they would switch an existing position to HUD funding. The remainder said they would not change their current way of providing or funding social services. Some respondents believe their projects are too small to be eligible for a service-coordinator using HUD funding. During the field visits, a number of managers indicated that the social services coordinator would have to be shared among multiple projects in order to be approved. Some managers said they were unable to find other projects with whom to make joint applications for funding.

¹⁹One site discontinued the services of a van driver whose time was shared among a number of projects; building staff now do the driving.

²⁰One central city Section 202 project noted that security costs are so high that the project can fund few other services.

²¹Coordinators would not necessarily have to be licensed social workers.

Employment of Recreation Activity Coordinators. A total of 59 projects (41 percent) in the Section 162 and Section 811 group employ an activity coordinator on either a full-time, part-time, or volunteer basis, but only 30 percent of the Section 202 projects do. For projects that do not have their own recreation activity staff, these services are handled by the building's resident manager or by a government agency.

Field Staff Comments. In order to evaluate and score applications, HUD field office staff must become knowledgeable about a myriad of State program funding criteria for different types of disabilities. But they often lack technical expertise in service delivery needs and methods and must rely solely on letters of support from government agencies or private providers. A number of field office respondents indicated that guidelines for evaluating support services plans are unclear. Some State and local government agencies are no longer willing to provide firm commitments regarding the amount of funding support they will provide, nor are they always willing to commit to such funding for a long period of time. Applications from projects in states unwilling to make strong, specific commitments are rated lower, no matter what their other merits may be.

ACCOMMODATING NON-ELDERLY PERSONS WITH DISABILITIES IN BUILDINGS PRIMARILY OCCUPIED BY SENIOR CITIZENS

The results of the postcard survey indicated that approximately 80 percent of Section 202 buildings designed for occupancy by the elderly have one or more non-elderly disabled tenants. These units are to be occupied primarily by persons with physical disabilities; HUD's policy is to prohibit occupancy by persons with mental retardation or mental illness unless the sponsor receives a waiver based on the organization's capacity to provide needed services to such residents. However, many managers believe that the law limits their ability to ask questions about the nature of disabilities; some believe that the law requires them to accept persons with all types of disabilities. The mixing of elderly and non-elderly disabled tenants has been controversial in public housing for the elderly, but appears to be less of an issue in Section 202 buildings. A majority of managers believe that their elderly and non-elderly disabled residents get along well.

Physical Accommodations. All but two of the 71 surveyed Section 202 buildings for the elderly have units designed to accommodate persons with physical disabilities, although not all of the units in the oldest buildings would meet today's accessibility standards. (A majority of projects have fewer than five accessible units.)

All but 10 of the projects have at least one non-elderly disabled person living in a unit that was **not** designed for the mobility impaired, suggesting that many non-elderly residents of Section 202 housing for the elderly are not physically challenged. Of the 68 respondents to the question on where tenants live, 39 managers indicated that they had non-elderly tenants with disabilities living above the first floor in their buildings. This indicates that occupancy by non-elderly disabled persons in buildings for seniors is not limited to wheelchair-accessible units on the first floor. Another 25 buildings for seniors have only one floor; only four managers of multistory buildings had disabled residents only on the first floor.

The vast majority (94 percent) of Section 202 buildings for the elderly maintain waiting lists, and all but 12 indicated that they have one or more non-elderly disabled people waiting for available units. Four projects indicated that they have names of 50 or more disabled persons who are on the waiting list. Interestingly, managers feel that a majority of non-elderly disabled persons on their waiting lists do **not** need wheelchair-accessible units. We can infer from this response (and others) that wait lists include some persons with non-physical disabilities.

Supportive Services. Because buildings for the elderly tend to have fewer on-site services than do buildings for persons with disabilities, managers were asked to state whether they felt their non-elderly disabled tenants were able to get the supportive services they need while living in a senior citizen building. The overwhelming majority (63 of 70 respondents) said that their disabled residents did receive needed assistance. In only five cases did managers indicate dissatisfaction with service availability. It should be noted, however, that services may be offsite and/or delivered by outside providers not associated with the sponsor or management. During field visits, managers commented that residents have to find services for themselves through local public and non-profit agencies and often do not receive assistance, such as housekeeping services and meals, that they need.

Initial Marketing and History of Tenant Interaction. Of 58 respondents who were familiar with their project's initial leasing, 54 (93 percent) indicated that the projects received applications from non-elderly disabled persons at the time marketing began.²² Fifty managers (86 percent) indicated that non-elderly disabled persons were part of the initial tenancy; only five recalled no tenants with disabilities in the building at the time it opened, and the remainder did not know.

The initial response of seniors to living with younger persons with disabilities was mixed. Almost half of the managers (28 of 59, or 47 percent) characterized the response of their elderly residents as positive, while the remainder described the reaction as neutral (27 percent) or negative (25 percent). When asked if the attitudes of seniors had changed over time, 31 of 52 (60 percent) responding said no. Six said that seniors became more negative, while three said they became more supportive of their younger neighbors.

We also asked managers if the nature of their non-elderly tenants' disabilities had changed over time. Only 13 managers said that changes did occur; eight of these said that newer tenants with chronic mental illness had moved into the building (61 percent had received applications from one or more CMI tenants, and 59 percent had CMI tenants in their building at one time or another).

Managers mentioned a variety of problems in mixing CMI residents with the elderly. The most common response was that the elderly were frightened (17 cases), with others being leery (one case), or resentful (three cases) of CMI neighbors. (Again, multiple responses were possible.) Six managers indicated that the elderly were less accepting of disabled persons with CMI than

²² In the telephone survey of property managers of buildings designed for the elderly, we asked a series of questions regarding interaction between senior citizens and non-elderly disabled tenants. A total of seventy managers responded to these questions, but not all were familiar with the early history of their buildings.

with other disability types, and two said that the elderly avoid interacting with the mentally ill. Seven respondents mentioned medication as a cause of behavior problems with CMI tenants. It should be noted, however, that 15 managers out of the 41 who said that they had experience with CMI tenants experienced no problems.

Overall Interaction. Managers were asked to comment on the extent of socialization between elderly and non-elderly residents. Of 66 respondents offering comments, 22 said there was only minimal mixing between the two groups. Another six said the two groups tolerate each other. More than half (35 of 66, or 53 percent) said they got along well, while eight voiced other miscellaneous comments.

Current Attitudes and Conflict Resolution. A clear majority of managers (45) said their buildings had no current problems with mixed ages. Of those that did, a variety of techniques were used to resolve conflicts. Thirteen managers discussed problems with the individual tenants involved; four had group meetings. Eight projects evicted problem tenants, and three managers solved the problems on their own. During the telephone interviews, AREA staff established an informal network among managers by identifying managers who had successfully prevented or eliminated problems among elderly and non-elderly residents and referring managers with problems to these successful managers.

Where the two groups got along well, managers said that elderly tenants helped their disabled neighbors. Where there were conflicts, managers attributed them to differences in lifestyle, or hostility from the elderly toward younger tenants.

CHAPTER III.

PROGRAM IMPLEMENTATION AND ADMINISTRATION

Based on the interviews conducted for this analysis, experienced sponsors expected that the program streamlining implemented under the Housing Acts of 1987 and 1990 would reduce processing time and speed up construction completion. This did not occur, at least not in the initial years of the Section 162 and Section 811 programs. Of 104 projects from the October 1989 award cycle that were surveyed in the spring of 1994, only 73 percent were fully completed and occupied. Only 30 percent of the properties funded in the first year (1991) of the Section 811 program were open nearly 2.5 years later.

This chapter examines the development process for Section 162 and Section 811 projects as it affects both the delivery time and character of projects; examines the development status of these projects at the time of the data collection; compares the experiences of these projects with Section 202 projects for persons with disabilities; and examines procedures used to administer projects once they are completed. Also included in this chapter is a review of housing development and operating costs.²³ Unless otherwise specified, references in this chapter to Section 202 projects include only projects designed for persons with disabilities and not projects built primarily for the elderly.

²³ In reviewing the study findings in this chapter, it is important to remember that the sample of Section 202 projects for the disabled included awards going as far back as 1978. Locating sponsor representatives who were familiar with the history of projects planned 10 to 15 (or more) years ago was often difficult. Many sponsors no longer employed any of the individuals who were involved in the projects during the application, pre-construction, development, or initial leasing stages. File data were often unavailable or at off-site storage. Consultants were no longer being employed by the sponsor, their whereabouts were unknown, or they were unwilling to take the time to answer our surveys. As a result, persons who completed AREA's questionnaires, responded to telephone interviews, or met with us during field visits often answered certain questions with "don't know" responses.

DEVELOPMENT STATUS

With the exception of projects located in North Carolina, Section 162 and Section 811 projects included in this evaluation have experienced considerable delays in development completion. As shown in the following exhibit, all but one of the 57 projects in North Carolina were already open and occupied by the spring of 1994, while only 52 percent of the projects in other states had

been opened by that date.²⁴ Of the projects outside of North Carolina, 21 percent had yet to break ground. The progress made by North Carolina projects appears even more unusual in view of the fact that most of them received awards in 1990 and 1991; the average non-North Carolina project has had more time to move through the system and get under way, yet is taking much longer on average to complete. At the time the data base was created for this evaluation, only seven projects from the 1992 award cycle were completed. Five of those completed projects are in North Carolina and are included in the group of 57 sponsor respondents from that state. (See Appendix E, Exhibit E-5.)

In part, delays in processing these awards may have resulted from the lack of prompt issuance of handbooks for field personnel (the Section 511 handbook was not available until 1993). The remainder of this chapter discusses specific procedures affecting the development process and compares the development time frame for Section 202 versus Section 162 and Section 811 projects.

APPLICATION STAGE

The first stage of the development process analyzed during this evaluation was the project application stage. Specific issues that were addressed included the extent to which sponsors identified and controlled sites at the time of application, the availability and usefulness of HUD technical assistance during the application phase, and the importance of consultants in completing successful applications.

Site Identification and Control. One important factor affecting the length of the development process is site identification and control. In an effort to speed up processing, HUD has in recent years changed its policies regarding requirements for site identification and control at the application stage. During the program's early years, sponsors were not required to have a site identified when an application was submitted. In later years, applications with identified sites under sponsor control (already owned or optioned) were given higher point rankings. At present, field office staff indicate that successful applications usually have identified sites; it is now possible for field office staff to conduct environmental

²⁴The status of construction activity presented in this chapter differs from results shown in Appendix B, which summarized the findings of the postcard survey. Because the postcards were the first step in the data collection process, they elicited responses from a larger number of projects. The smaller number summarized in Chapter III reflects the fact that some sponsors chose not to respond to the more detailed survey instruments.

assessments at the application stage and eliminate unsuitable sites early on. Applications with identified sites get "A" rankings, while those that do not show a specific location are put in the "B" group. While some "B" list projects do get funded, some offices run out of money after making awards to the "A" group. Current legislation requires that sites be under the sponsor's control within one year of award announcement; if no evidence of site control can be presented within a year, the sponsor loses the award.

With changes in regulations, the percentage of sponsors without site control prior to application has decreased over time. While nearly half of the sponsors of older Section 202 projects for persons with disabilities lacked site control at the time of application, only 28 percent of the Section 162 and Section 811 respondents lacked site control at the time they applied for funds. Among the North Carolina awards under Section 162 and Section 811, the percentage of sponsors who had sites at the time of application was very high (96 percent). For other areas of the country, the percentage was about 66 percent. Both sponsors of recent Section 162 and Section 811 projects and older Section 202 projects for persons with disabilities recognize the value of having site control. Over 95 percent of the sponsors in each program category who had a site at the time of application indicated that having site control increased the likelihood of receiving a project award.

Requiring site control as part of the application appears to somewhat reduce development processing time and prevent delays, since relatively few sponsors who had a site at the time of application actually changed the site after the award was announced. Only three Section 202 respondents knew of a site change. Among North Carolina's Section 162 and Section 811 projects, there were no site changes; in other states, only 21 percent of the sponsors changed sites. For those Section 162 and Section 811 projects that did change sites, resulting delays ranged from zero to 48 months. Reasons for changing sites and risking delays varied greatly from sponsor to sponsor: some were able to find a better or cheaper site; others were unable to obtain rezoning or necessary State or local licenses; some encountered environmental problems; and several had secured sites on options that subsequently expired.

During the telephone interviews and field visits, sponsors recommended procedural changes to reduce the costs and difficulty of maintaining site control. They suggested that HUD schedule each notice of funds availability (NOFA) so that sponsors would have sufficient time to respond and, most importantly, that HUD not change the NOFA date once it is announced.

Field office staff have varied opinions on issues of site control. Offices that receive a high proportion of applications for scattered-site projects indicated that a loss of control for one site in a scattered-site award jeopardizes the timing of the entire project. Projects located in large cities often make use of donated or low-cost city-owned land in an effort to keep costs down. However, it is often impossible to complete all the paperwork needed to gain title to these sites within a year's time.

To further speed up the review process and eliminate problems after awards are made, HUD now encourages sponsors to submit environmental assessments and historic preservation reviews along with their applications. These reports can substitute for HUD investigations at the application stage. This can be especially helpful with scattered-site projects: HUD can avoid approving questionable locations that could delay or jeopardize an entire award at a later stage.

Problems with Finding Suitable Sites. Unlike sponsors of Section 162 and Section 811 projects in North Carolina, most sponsors in other states (71 percent of the total) had problems finding sites. The most frequently cited problems were the lack of available properties in good locations, the high cost of available sites, the inadequate size of most sites, and lack of local support.

Use of HUD Technical Assistance. Slightly more than half of respondents recalled receiving technical assistance from HUD field office staff during the application stage. Of those who received assistance, about half of the respondents thought their chances for approval were improved as a result of HUD assistance. In North Carolina, the percentage receiving assistance was significantly higher (74 percent) than in other states with Section 162 and Section 811 projects. All sponsors of projects in North Carolina commented that HUD staff were very helpful.

Importance of Consultants. Consultants assist most sponsors with the application and development process; however, it is unclear to what extent they increase the efficiency and effectiveness of project development. The majority of project sponsors (86 percent for Section 202 for persons with disabilities and 89 percent for Section 162 and Section 811 projects) used consultants to assist in preparing fund applications. Consultants were used for all of the 57 North Carolina projects. Virtually all of the sponsors surveyed said that using a consultant improved their chances of getting the project approved. This does not mean, however, that sponsors did not encounter problems with their consultants during the later stages of project development.

HUD field staff have mixed opinions on the effectiveness of consultants. All feel that a good consultant is very helpful in shepherding an inexperienced sponsor through the process of application and development. However, many field office staff indicated that the absence of a consultant would not hurt an otherwise meritorious project. Moreover, HUD staff had encountered consultants who were ill-prepared or difficult to work with, and felt that these people often hurt the sponsors more than they helped.

Consultants influence project success not only at the application stage but during pre-development, construction, and leaseup. Some sponsors mentioned that allowable consultant fees have remained constant over many years, and that many projects require far more time than is budgeted for consultant assistance. As a result, some sponsors feel that their consultants lack incentive to resolve problems encountered during the development process. Efforts to include bonuses for consultants who succeed in speeding up processing and closing have not been very successful, in part because the financial incentive is too small to have much impact on busy consultants.

Availability of Seed Money and Sponsor Funds. About three quarters of the Section 162 and Section 811 sponsors reported having financial problems resulting from lack of "seed money" to cover project planning costs prior to initial closing. Such upfront funds are needed for site options and/or purchase and for professional services such as consultants, architects, engineers, and attorneys. At one time, HUD had a seed money loan program, but few sponsors took advantage of it. Many sponsors believed, rightly or wrongly, that submitting an application for a seed money loan would result in a lower rating for their award proposal.

In the telephone interviews, sponsors were asked to indicate the source of funds used to acquire land and to cover other front-end costs. Very few sponsor groups already owned the property used for the subject project. Sponsor funds were the most frequently cited funding source for Section 202, Section 162, and Section 811 projects. Other less frequently cited sources were private grants and loans, local government grants or loans, and community development block grant (CDBG) and State funds. For example, at least two sponsors in North Carolina used their substantial grants from a foundation to cover upfront costs, including land acquisition.

Sponsors are not required to make substantial equity contributions toward project costs; they must provide only one-half of one percent of total construction costs, a share that (under the Section 811 program) is refundable at final closing under certain circumstances. Despite these lenient program requirements, sponsors had

problems meeting equity commitments. About 16 percent of the 281 Section 162 or Section 811 sponsors said their project's financial feasibility was threatened by a lack of funds for sponsors' equity share. Sponsors who chose to add building amenities that were not approved by HUD often had to obtain additional equity from outside sources (local government, foundations, service organizations) in order to do so. Delays in project processing placed some of these outside commitments in jeopardy.

State, Community, and Neighborhood Support. State government is the single most important source of funding for supportive services; consequently, State support is a major determinant of project feasibility. North Carolina sponsors' success in developing housing for persons with disabilities is due in part to the state's commitment to serving this population group. Projects in the 1989-91 award cycles in North Carolina could not reach initial closing until the State legislature appropriated funds for the project's start-up operating fund and for supportive services. In some cases, the State appropriated up to \$40,000 per project to ensure that the project would provide not only the housing but the services necessary to care for persons with disabilities. The partnership between the sponsor and the State appears to be an advantage in securing State funding for this type of housing.

Community support is also important, but unfortunately, proposals to provide housing for disabled persons do not always meet with community approval. In some cases, the issue is project design or density. In others, it is the nature of tenant disabilities: properties serving persons with chronic mental illness (CMI) have been the most controversial. When submitting applications, sponsors must show evidence of local government approval and community support for the project.

Sponsors commented on the attitudes of local government, community groups, and surrounding property owners toward their proposals. The following exhibit indicates that most projects were supported by government officials and neighbors. Although local opposition was a major obstacle for a minority of projects, few sponsors indicated that they modified projects in response to this opposition.

Exhibit III-2.
Attitudes of Government and Neighbors
Toward Supportive Housing Proposals

	Percent very <u>supportive</u>	Percent somewhat <u>supportive</u>	Percent <u>neutral</u>	Percent very <u>negative</u>	Percent scattered sites with different <u>reactions</u>
<i>Local government</i>					
Section 162 and Section 811 (N=239)	43.5	25.9	25.1	3.8	1.7
Section 202 for persons with disabilities (N=107)	55.1	32.7	8.4	0.9	2.8
<i>Community groups</i>					
Section 162 and Section 811 (N=239)	30.1	27.2	35.6	5.0	2.1
Section 202 for persons with disabilities (N=105)	41.0	24.8	27.6	2.9	3.8
<i>Neighbors</i>					
Section 162 and Section 811 (N=241)	22.0	30.3	35.3	10.0	2.5
Section 202 for persons with disabilities (N=107)	19.6	40.2	29.0	7.5	3.7

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

A number of field office personnel commented that letters of support received at the application stage do not preclude the possibility of community opposition at later stages in pre-construction processing, when projects are more clearly defined. Sponsors are not required to have all of the necessary zoning approvals in place when submitting applications to HUD, and detailed drawings are no longer required by HUD at the application stage. A policy change that was made to help reduce up-front expenses for sponsors. Once plans are drawn, neighbors may decide to protest and may pressure elected officials to withdraw their approval, thereby jeopardizing the award.

Other Application Issues. In a group meeting with advocacy groups involved in the provision of housing and services for persons with disabilities, AREA staff learned that one of the most onerous aspects of applying for funds under the Section 202 program for persons with disabilities was the paperwork needed with respect to the sponsor organization and its board members. Some sponsors indicated that board members were reluctant to serve because they had to disclose their personal finances, and that the legal requirements for incorporating separate borrower boards and documenting their tax-exempt not-for-profit status were costly and time-consuming. According to field office personnel, some of these requirements have been eliminated with the shift from loans to capital advances under Section 811 and with the administrative changes implemented since 1991. However, it took time for field staff to become familiar with the new rules, some of which weren't clear during the first year of Section 811 funding (1991 awards).

PRE-CONSTRUCTION STAGE

Sponsors provided information regarding the time period between the initial reservation of funds and the start of the construction stage. This period covers HUD's required conditional and firm commitment stages, including the initial closing.²⁵

A number of different HUD staff specialists are involved in the review of each project as it passes through the conditional and firm commitment stages. In most field offices, the multifamily housing representatives have primary responsibility for processing once the awards have been made, but specialists in architecture, appraisal, mortgage credit, and fair housing are involved as well. These specialists provide technical assistance to sponsors during the pre-construction period, and they also review required submissions.

²⁵It should be noted that some projects are now able to move directly from application to firm commitment without going through the conditional commitment stage. Projects most likely to be allowed to bypass conditional commitment are those involving acquisition of existing homes without substantial rehabilitation and those that involve repeated use of an existing (already approved) design. Group homes are more likely to be allowed to bypass conditional commitment than are independent-living facilities.

Time Lapse from Fund Reservation to Initial Closing. Despite sponsors' expectations that the development process would take less time under the Section 811 program than under the Section 202 program, the time period from initial application approval to the start of construction did not substantially decrease with the advent of the new program. Under Section 202, about 10 percent of the projects for persons with disabilities began construction in the first year after the award was announced, whereas 13 percent of the Section 162 and Section 811 projects located outside of North Carolina began construction within the first year after award. (See Exhibit III-3 and Appendix E, Exhibit E-6.)

Only in North Carolina was the period between funds reservation and construction fairly short. On average, the North Carolina projects reached the construction stage in half the time of the other projects: 12.6 months versus 24.8. Within one year, 68 percent of North Carolina's 57 projects had reached initial closing, compared with 13 percent of the remaining projects. All but two of the North Carolina properties had begun construction by the end of the second year; in contrast, 67 (34 percent) of all other projects took longer than two years to initially close, and nearly one-third had not even begun construction by the time this survey was conducted.

For a substantial number of projects, no single factor accounted for lengthy delays in moving from funds reservation to construction. Instead, numerous problems appear to result in delays. An examination of several factors that were considered likely to affect the processing time for projects did not clarify the problems causing major delays. These factors included multiple site locations; sponsors' experience with the Section 202, Section 162, and Section 811 programs; and requests for waivers on cost limitations.

The type of project did not affect the time between fund reservation and construction start. According to the data, single-site projects did not move more quickly than multiple-site projects, and projects that requested waivers of cost limitations did not in general progress more slowly than projects not making this request.

The processing time for Section 811 projects may be somewhat better for projects awarded in 1992, 1993, and 1994 than for the 1991 projects included in the analysis. Based on interviews with sponsors as well as HUD field staff, the change in regulations and the lack of a handbook slowed down the Section 811 development process for both sponsors and HUD staff as they attempted to learn the new program.

HUD Reviews and Procedures. A majority of sponsor respondents for both Section 202 projects (78 percent) and Section 162 and Section 811 projects (74 percent) felt that their submissions were reviewed promptly by HUD field office personnel. However, a significant minority complained that most of their submissions were not reviewed on time, some noted delays that were outside HUD's control, several stated that HUD lacks sufficient staff to review and process submissions within the stated time deadlines, and some commented on delays due to turnover of staff at HUD. According to sponsors, the field offices insist on prompt revisions and resubmissions from sponsors, and they set strict deadlines for responses to HUD's questions, yet they fail to ensure prompt completion of HUD's own reviews.

Many sponsors felt that the overall development process is cumbersome or that too much paperwork is required. A number of respondents indicated that the HUD review process is fragmented, with too many different people handling each review and not enough internal communication.

The majority of sponsors (about two-thirds of the Section 202 projects and over three-quarters of the Section 162 and Section 811 projects) said that HUD staff have the expertise necessary to review and process project submissions and provide technical assistance to sponsors. About 70 percent of the sponsors said they were able to explain regulations clearly. Several sponsors commented that HUD staff are very knowledgeable, that they offer sound advice, or that the relationship between HUD staff and the sponsor is very good. Sponsor opinions differed among the various field-office areas. North Carolina was not the only State in which a good working relationship had been established. Individual multifamily representatives in many other field offices, especially Arkansas, were singled out for praise in the surveys and during field visits.

A few sponsors, however, had negative comments regarding HUD staff. Some said that HUD staff the lack knowledge and information required to review project submissions, while others commented that managerial field office staff are very skilled and efficient but lower-level and/or newer professional staff are not. A few sponsors commented that HUD staff had difficulty explaining procedures and processing documents immediately following the changes resulting from the National Affordable Housing Act of 1990. A few sponsors had disputes with appraisers or fair housing personnel over issues unique to their projects.

Availability of HUD Technical Assistance. Over half of the sponsors received help from HUD specialists after awards were made. However, North Carolina's Section 162 and Section 811 projects, many of which involved repeated use of the same building design, used HUD technical assistance in only 7 percent of the cases. Overall, of those sponsors who received assistance, almost all (85 percent) stated that HUD staff were at least somewhat helpful.

Cost Containment Requirements. During the 1980s, HUD efforts to control project costs posed greater problems for a number of sponsors. They felt that stringent limitations on design, materials, and amenities created a variety of difficulties. Plain, boxy designs were encouraged by HUD but were at times incompatible with surrounding buildings and thus a source of community opposition. Sponsors frequently pointed out that the use of low-cost materials and furnishings meant more maintenance problems and greater "wear and tear" once projects were in operation. Building deterioration was especially acute in housing for persons with physical disabilities because much of this population uses mobility equipment, which is often bulky and heavy.

Changes in the supportive housing programs for persons with disabilities that occurred with the advent of Section 162 appear to have reduced past problems resulting from cost containment requirements during the 1980s. Of 281 Section 162 and Section 811 sponsors, 43 percent had no problem with HUD cost limits and 9 percent didn't know if problems occurred. For the sponsors who encountered problems, the most frequently cited problems were the maximum per-unit costs, common space limits, and maximum unit sizes.²⁶

²⁶Some sponsors felt that maximum unit sizes were not adequate, especially for tenants requiring wheelchair access.

Over 40 percent of the Section 202 sponsors mentioned difficulty building within the maximum per-unit cost limits in effect at the time. (There have been few increases in these limits over the years, especially for independent-living facilities). HUD cost limits seem to be most problematic in the biggest cities such as New York, where high land costs or acquisition values are an obstacle despite the fact that big-city locations can get a high-cost adjustment (calculated as a percentage of the base maximum cost). Cost limits can also be a problem, however, for new construction projects in small towns or rural locations. Sponsors indicate that the per-square-foot construction costs in small towns really are not different from those in nearby cities eligible for high-cost adjustments. Both sponsors and field staff commented that artificial distinctions among geographic areas limit development opportunities in those areas that do not have high cost adjustments. Other cost-related problems encountered by Section 202 sponsors were the limits on common space and limits on unit or bedroom size. Sponsors frequently had to use their own funds to provide unit and bedroom sizes that they thought were adequate.

The majority of Section 202 and Section 162 and Section 811 sponsors did not apply for waivers on cost limitations from either the field office manager or the Assistant Secretary in Washington. Of the few sponsors who did request waivers, over 40 percent said the waivers were not handled promptly.

Sponsor Comments on Design and Cost Issues. During the telephone interviews, sponsors were given the opportunity to comment freely on design and cost issues. Sponsors of Section 202 projects identified the greatest number of negative program characteristics, including the following five most commonly voiced problems: inappropriate design features, inflexibility in responding to unique needs, restrictions on architectural design, compromises in construction quality, and insufficient allowable common area space. A number of Section 202 and Section 162 and Section 811 sponsors indicated that they had to go to outside sources for additional funds to cover design features they considered important, a comment echoed at a number of the field visit sites. Design features were especially important for persons with physical disabilities. Examples included easily operable windows; extra wide corridors, doorways and units or bedrooms; and side-by-side refrigerator-freezer combinations.

Compliance with the Davis-Bacon Act²⁷ does not appear to have greatly affected development costs or timing. A clear majority of Section 202 projects (70 percent) were subject to the provisions of the Davis-Bacon Act; this was true for only 45 percent of the Section 162 and Section 811 projects, many of which are small group homes. The number of sponsors with Davis-Bacon experience who said it increased costs was nearly equal to the number who said it had no effect. A few respondents mentioned that being required to comply with Davis-Bacon limited their choice of contractor. Several sponsors also commented that they support the objectives of Davis-Bacon and consequently do not mind any inconvenience that it causes.

²⁷The Davis-Bacon Act requires payment of prevailing union wage rates for construction trades in the area where a project is located. In recent years, small group homes have not been required to comply with the Act, a change made in an effort to keep costs down.

Construction Costs. During the evaluation, data was collected on the average cost of construction per unit or per resident space, excluding all other development costs, such as land. This information was most readily available for Section 162 and Section 811 projects, with 86 percent of the completed projects in the survey providing data.²⁸ As shown in the following exhibit, the average cost of construction was \$30,615 per bed for group homes and \$46,788 per unit for independent living facilities (ILFs).²⁹ The cost per bed ranged from \$5,000 to \$64,315; and the cost per unit ranged from \$24,234 to over \$95,900. The \$5,000-per-bed cost involved limited rehabilitation of an existing structure.³⁰

Of the Section 202 projects for persons with disabilities in the survey, only 31 percent provided data on construction costs. Based on that information, the average construction cost in group homes for persons with disabilities was \$30,706 per resident space; the average cost of ILFs was \$41,327 per unit. These results appear to be reasonable given the information provided by this survey about HUD cost limits and the higher costs associated with ILFs compared to group homes.

Exhibit III-4.
Average Construction Costs: Weighted Data*

	<u>Group homes</u> (per resident space)	<u>Independent- living facilities</u> (per unit)
Section 162 and Section 811	\$30,615	\$46,788
Section 202 for persons with disabilities	\$30,706	\$41,327

*Data weighted for sampled Section 202 projects.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

²⁸ Appendix C, Research Methods and Sample Selection, discusses factors affecting collection and analysis of construction and operating cost data.

²⁹ As expected based on building construction characteristics, the costs of construction per unit in ILFs is higher than the costs per resident space in group homes. ILFs are basically individual apartment units with separate kitchens and bathrooms as well as living areas, including bedrooms and, in some cases, separate living rooms and dining rooms. Bathrooms and kitchens add high costs to construction of these self-contained apartments in multi-unit buildings. In contrast, group homes are basically single-family units. Each group home contains multiple bedrooms or resident spaces that share one kitchen and one or two bathrooms, thus limiting the costs of these facilities per bedroom or resident space.

It is important to analyze the costs per resident space or per unit instead of total costs per ILF or group home, because the total number of units or resident spaces varies for ILFs and group homes.

³⁰ The wide range of costs results in part because the costs are for different types of construction—both new construction and rehabilitation. Unfortunately, the number of sponsors who reported construction costs was not sufficient to permit an analysis of these costs by construction type. In addition, construction costs varied for different parts of the country. The project with the highest per-unit construction costs in the survey was developed in San Jose, California.

It appears that the average cost per unit or resident space does not vary greatly regardless of the type of disability served. For instance, the average cost per unit for Section 162 and Section 811 ILFs is \$45,255 for those serving developmentally disabled persons, \$46,065 for those serving the chronically mentally ill, and \$49,967 for facilities serving mainly persons with physical disabilities.

Land Costs. Land costs averaged about \$3,545 per unit for Section 202 ILFs. More recent land costs are \$5,267 for Section 162 and Section 811 ILFs. Inflation may account for some of the differential in land costs. In addition, recent projects are smaller on average than older projects and must spread land costs over a smaller number of units. Because group homes are very small, their land costs are spread over a only a few beds, so per bed costs are especially high. About \$9,540 per bed for Section 162 and Section 811 projects and \$4,387 per bed for Section 202 group homes.

Numerous sponsors voiced concern about the high cost of land in their communities, which significantly increased development costs. Several sponsors commented that high land costs have prevented them from pursuing additional developments.

Competitive Bidding. The survey results show clear differences over time regarding construction bidding procedures. Of 96 reporting Section 202 projects, 63 percent required competitive bids.³¹ Eight of these respondents felt that seeking bids caused delays, ranging from one to 13 months. In contrast, only 32 percent of the Section 162 and Section 811 projects put their projects out for bid; of these, 21 percent felt that it caused slowdowns.

Building and Zoning Code Provisions. Incompatibility between HUD requirements and local requirements sometimes causes development delays and other problems. A few sponsors mentioned conflicts between HUD program requirements or minimum property standards and the building codes of their respective communities. In some situations local codes are more stringent than HUD standards, but HUD refuses to pay for the higher costs required to comply with the local standards. In other cases, sponsors stated that group-home sizes met HUD standards but were too large to be approved under local zoning. In North Carolina, State law automatically approves group homes no larger than six beds in areas zoned for single-family homes. Many states lack such provisions, and sponsors are unable to influence local zoning laws that hinder development of supportive housing.

³¹The Section 202 program allowed negotiated bids only for projects that met certain requirements, such as contract rent limits, mortgage limits, and labor union ownership. The Section 162 program did not require competitive bidding.

Licensing. Of 265 respondents to the sponsor telephone survey of Section 162 and Section 811 projects, 53 percent indicated that their projects were subject to licensing by State and/or local government agencies. Licenses were required for all projects in North Carolina, and no problems were encountered in any of the cases. Among the Section 202 projects, 45 percent required licenses. In both groups, licenses are usually obtained from State agencies. Group homes are more likely to require licenses than are ILFs. In most situations, licensing is not a factor causing delays in the initial closing or occupancy following construction of a project.

CONSTRUCTION STAGE

Time Required to Reach Initial Occupancy. Although most delays appeared to occur during the pre-construction period, the construction stage was lengthy for many projects. Except for North Carolina projects, the processing time for Section 162 and Section 811 projects was not significantly better than it was for the older Section 202 projects. Completed projects in North Carolina averaged 19.3 months between award of funds and initial occupancy. In contrast, projects in other locations averaged 28 months between award and initial opening. All of the North Carolina projects were occupied within 36 months of the award date; elsewhere one-fourth of the projects took more than three years to open.³²

The average time frame from project approval to initial occupancy was over three years for Section 202 projects for persons with disabilities. As shown in the Exhibit III-5, only 14 percent of these projects required less than two years to move from funds reservation to occupancy. (See Appendix E, Exhibit E-7.)

For the majority of projects, the actual construction period was less than one year. Construction lasted about six months for 35 percent of the Section 162 and Section 811 projects and no longer than one year for 97 percent of these projects. Of Section 202 projects for persons with disabilities, 25 percent were completed within six months and 84 percent within one year. Section 202 projects for the elderly, which include numerous large buildings, had somewhat longer construction periods. Although 25 percent of these projects reported construction completion within eight months, 69 percent reported completion within one year, while 31 percent reported construction continuing for up to 21 months.

Importance of Sponsor Experience. For Section 162 and Section 811 projects, sponsor experience helps to explain why some projects are opened quickly and others are not. Of 219 projects whose sponsors had experience with Section 202, Section 162, or Section 811 programs, 32 percent were open within 24 months following the award announcement. Of 47 projects with no prior sponsor experience, only 13 percent opened within two years.

³² It is important to note that the Section 162 and Section 811 projects surveyed regarding average time between award date and occupancy included four rehab projects where tenants had been in place prior to the rehabilitation. This brings down the average; for projects involving new construction, the average time between award and occupancy is slightly longer than the 28-month period reported above.

A link is also apparent between sponsor experience and efficient project processing for Section 202 projects. Approximately 22 percent of the projects with experienced sponsors were occupied within two years from initial application approval, compared with only 3 percent of the projects whose sponsors lacked experience. In contrast, only one-third of projects with experienced sponsors took more than three years to reach occupancy, compared with 49 percent of the projects whose sponsors lacked experience.

Project Closing. As shown in Exhibit III-6, only about 30 percent of the Section 162 and Section 811 projects and about half of the Section 202 projects had their final mortgage closing within six months of their initial occupancy date. (See Appendix E, Exhibit E-8.) As part of the Section 811 program, HUD attempted to expedite the closing process by allowing sponsors to recapture part of their minimum capital investment for projects that close within six months after construction completion and by providing bonuses to consultants who speed up the closing process. Unfortunately, the period required to complete closings has not decreased.

When asked about delays in completing the closing, about three quarters of the Section 162 and Section 811 sponsors said that delays had occurred; in North Carolina projects, only about one-third of respondents complained about delays. Sixty-five percent of respondents indicated that closing delays posed problems for their projects; difficulty paying contractors was the most frequently cited problem. In 20 cases, the delays caused sponsors to lose money.

Sponsors reported that it wasn't unusual for projects to take as long as a year to close. They blame a variety of factors, including cost certification requirements, increases in the mortgage amount during construction, the number of people involved in the review process, the sheer number of documents that have to be produced, and in some cases, a shortage of staff at HUD. One project included in the case studies also reported encountering difficulty obtaining State and local licenses, which delayed both occupancy and closing. AREA expected the closing process would be faster for Section 811 projects because loan documents do not have to be produced and recorded. In fact, according to survey respondents, the required documentation has not changed significantly despite the switch from a loan to a capital advance.

MARKETING AND LEASING

Success of Initial Marketing and Leasing Efforts. In general, HUD supportive housing developments lease quickly. Only six of 127 Section 162 and Section 811 respondents indicated that their property was not fully leased prior to opening.³³ One project was fully leased within a month, and one project took more than a year to fill up. On average, Section 202 projects for persons with disabilities were leased within 3.6 months.

³³Using a standard of the real estate industry, HUD considers a project fully leased when it reaches 95 percent occupancy.

HUD's Fair Housing and Equal Opportunity staff members review the marketing plans in the application, then monitor the sponsors' efforts to assure compliance with approved plans. Most projects did not experience conflicts with HUD during initial marketing. A few sponsors attempted to give priority to residents of their own projects in an effort to move people they were already serving to a less restrictive environment. However, HUD Fair Housing personnel discourage preferences and try to ensure that the entire community is reached during the marketing period, so that eligible persons not currently being served by the sponsor can also apply for the new buildings. In such cases, HUD staff members required that sponsors use additional advertising and/or outreach with government and private agencies in order to reach a broader audience of potential tenants.

Occupancy and Tenant Retention. Vacancies in Section 162, Section 811, and Section 202 projects where persons with disabilities reside are relatively rare. The few Section 162 and Section 811 projects open more than one year have experienced minimal turnover. For both Section 202 and Section 162 and Section 811 projects, the major cause of turnover is a change in tenant status—the tenant could live more independently (in a less restrictive setting) or needed more support than was available in his/her building. In a small number of Section 162 and Section 811 projects, turnover occurred when tenants moved back with family members (11 cases); were evicted for illegal activities, such as use of drugs (five cases); or died while living in supportive housing (four cases). Among the Section 202 projects, the vacancy rate averaged only 2 percent in 86 independent-living buildings and 1.6 percent in 57 group homes.

Filling Vacancies. Most projects have waiting lists, including a few Section 202 projects whose waiting lists consist of 50 or more non-elderly persons who have disabilities.

Properties vary in their procedures for identifying new prospects when vacancies occur. Many projects use more than one type of outreach, as seen in Exhibit III-7. A majority of the newer Section 162 and Section 811 projects had no experience with filling vacancies at the time of the interviews. The most effective way of filling vacancies is through referrals and by networking with agencies that provide services.

Exhibit III-7.
Methods Used to Identify Prospective Tenants To Fill Vacancies

<u>Method</u>	<u>Section 202 for persons with disabilities</u>		<u>Section 162 and Section 811</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Referrals	61	40.4	15	11.8
Publish advertisements	39	25.8	21	16.5
Notify private social service agencies	38	25.2	27	21.3
Notify government social service agencies	31	20.5	19	15.0
Notify low-income housing advocates	4	2.6	6	4.7
Word of mouth	7	4.6	4	3.1
Newsletter	3	3.0	1	0.8
Networking	14	9.3	16	12.6
No experience with vacancies/don't know	33	21.9	72	56.7

Note: Multiple responses permitted.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Unlike Section 202 projects that rarely engage in outreach activities, about 70 percent of Section 162 and Section 811 projects undertake outreach activities on a regular basis, once every six

months, or at least once annually.

Screening and Selection Procedures. Potential tenants for group homes, especially those serving persons with developmental disabilities, are often identified by State or local government agencies, or by private social service agencies that serve the project's primary target population. Project managers have their own screening committees that review the cases referred to them to determine if an individual's needs will be met in a particular housing location. In some buildings, tenant representatives may sit on the screening committee.

In independent-living facilities, tenant referral and screening procedures vary among sponsors. Larger sponsor organizations that operate service programs and/or multiple residential buildings tend to maintain their own lists of clients who need housing assistance. Small local sponsors rely on government agencies serving persons with chronic mental illness, or private service providers (such as United Cerebral Palsy, Paralyzed Veterans, etc.) that assist persons with mobility impairments.

Many managers of Section 202 buildings designed for the elderly are unclear about procedures for filling vacant units equipped for persons with disabilities. Despite HUD's efforts at outreach and education, managers continue to ask for documentation of disability. The managers are unable to clearly articulate policies for admitting non-elderly disabled persons and often express frustration at their inability to screen young disabled applicants for compatibility with elderly residents. Several managers expressed concern about their inability to ask any questions of prospective tenants regarding the nature of their disabilities. These managers believe that they must accept any income-qualified resident whose physician attests to their disability and indicates that the individual can live independently. As a result, some managers of housing for the elderly appear to be admitting non-elderly persons with disabilities, especially those with chronic mental illness, who do not fit well in this housing. Most managers refer prospective tenants whom they cannot accommodate to other sources of assistance, such as service agencies and other housing providers. (See Appendix E, Exhibit E-9.)

OPERATING COSTS

Average Annual Housing Operating Costs. The annual cost of operating Section 162 and Section 811 projects is somewhat higher than the cost of operating Section 202 projects for persons with disabilities, and unit costs in group homes are higher than in ILFs. The differential between the older and newer projects may result in part from the older projects being generally larger and able to spread operating costs, such as maintenance, over a larger number of units or resident spaces. Exhibit III-8 presents average housing operating costs per unit and per resident space for fiscal years 1991 through 1993. Based on this information, these costs in 1993 ranged from \$2,596 per unit for Section 202 units for the elderly, to \$5,954 per unit for Section 162 and Section 811 ILFs. Among ILFs, the lowest per-unit costs were at the Section 202 projects for the elderly and the highest were at the Section 162 and Section 811 projects. Among group homes, the lowest per-unit costs were at the Section 202 projects designed for persons with disabilities.

Exhibit III-8.
Housing Operating Costs, in Dollars
Average Per Resident Space or Unit: Weighted Data*

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Section 202 for persons with disabilities			
Group home	4,212	3,654	3,857
Independent-living facility	3,082	2,771	3,287
Section 202 for the elderly			
Apartments/Independent-living facility	2,210	2,357	2,596
Section 162 and Section 811			
Group home	2,436	3,664	4,912
Independent-living facility	NA	4,898	5,954

*Data weighted for sampled Section 202 projects.

NA = Not applicable.

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

Average Annual Housing Operating Revenues. Project managers estimate that ILF tenants contribute an average of \$950 per unit for Section 202 housing for the elderly and \$1,500 for Section 162 and Section 811 projects. For group homes, the average annual tenant contributions are approximately \$1,800 per resident space. These estimates represent tenants' contributions to housing operating costs only. Some additional funds from tenants may cover a percentage of supportive services expenditures. (See Appendix E, Exhibit E-10.)

Several Section 162 and Section 811 project managers noted that HUD has not raised the allowable rent, while a number of other managers commented that they have been reluctant to request rent increases. HUD field office staff do not understand why managers do not regularly request rent increases and why they have to be reminded to do so. A number of managers also volunteered that they are satisfied by the timeliness of HUD operating cost payments. The electronic payment system is especially effective and beneficial. In contrast, a few managers complained about delays in receiving HUD payments and the consequent need to resubmit documentation of expenditures.

Operating Deficit. Relatively few managers reported operating deficits for housing and supportive services costs. Only four percent of the Section 162 and Section 811 independent living facilities and five percent of the group homes reported deficits, which averaged \$1,011 per

unit and \$2,355 per resident, respectively. Approximately 18 percent of the Section 202 group homes reported deficits, which averaged \$1,586 per resident, and about 28 percent of the independent living facilities for persons with disabilities reported deficits, which averaged \$756 per unit.

During telephone and in-person interviews, numerous managers commented that their projects avoid deficits by supplementing budgets with private sector funds, especially contributions made by sponsors. Examples include case study projects in Evanston and Chicago, Illinois, and Little Rock, Arkansas. To mention only a few, where managers received assistance with operating costs such as maintenance and repairs.

IMPACT OF RECENT PROGRAM CHANGES

Sponsors were asked to comment on the impact of changes in the Section 202 program that were made to improve the delivery of supportive housing to persons with disabilities. Respondents reacted very favorably to the administrative and legislative changes that initially set aside funding for projects designed to exclusively serve persons with disabilities (as distinct from the Section 202 program for the elderly) and, later, the establishment of a separate program for persons with disabilities under Section 811. Respondents were also pleased with the shift from Section 8 limits to project rental assistance contracts (PRACs), adjustments in construction cost maximums for high-cost areas, and elimination of the burdensome cost containment reviews prevalent in the 1980s. They were very positive about having processing completed at the field-office level rather than at HUD regional office or headquarters.

Very few program changes received a large number of negative reactions, but not all were viewed with equal favor. For example, 19 percent of the respondents for Section 202 projects for persons with disabilities reacted negatively to limiting occupancy to persons of very low income, 22 percent had a negative reaction to permitting non-elderly disabled persons to live in senior-citizen buildings, and 18 percent thought that including HIV as a physical disability was not good for the program. (See Exhibit III-9 for a tabulation of the percentage of responding sponsors reacting positively to different program changes.)

Exhibit III-9.
Percentage of Sponsors Indicating that
Program Changes Were Very Positive or Positive:
Section 202 for Persons with Disabilities and Section 162 and Section 811 Projects

	Section 162 and Section 811 C percent of <u>project sponsors</u>	Section 202 for disabled persons C percent <u>of project sponsors</u>
Limiting eligibility to very-low-income persons	35.3	35.2
Setting aside dollars for non-elderly disabled persons	91.0	78.5
Allowing non-elderly disabled persons to live in Section 202 for the elderly	50.8	52.3
Including HIV as a physical disability	43.2	26.7
Including emotional impairments as disabilities	81.4	46.2
Establishing fund set-asides for minority and other sponsor types	29.5	24.1
Establishing set-asides for rural areas	48.8	50.0
Requiring supportive services plans	53.4	37.7
Shifting processing to field offices	77.8	74.1
Replacing loans with capital advances	93.3	80.0
Shifting to PRACs	86.4	74.5
Requiring site control within one year	54.5	50.8
Removing limits on maximum number of units per sponsor	61.6	54.5
Eliminating detailed cost reviews at conditional commitment stage	85.1	66.7
Reducing maximum size of ILFs	62.0	60.3
Reducing maximum size of group homes	68.1	52.6
Raising high-cost adjustment factor to 110%	81.1	72.3
Raising high-cost adjustment factor to 140%	84.6	72.9

Source: Surveys conducted by Applied Real Estate Analysis, Inc.

CHAPTER IV.

RESIDENTS= SATISFACTION

The evaluation of supportive housing for persons with disabilities included surveys of residents living in this housing. The primary objectives of the surveys were to identify residents' characteristics; assess their current quality of life, especially in comparison with their previous living arrangements; and assess their satisfaction with their current housing situation.

Chapter II presented information on the characteristics of persons with disabilities living in supportive housing projects in the sample as reported by property managers. Chapter IV describes resident characteristics and satisfaction from the perspectives of residents interviewed.

To develop the lists of residents to be interviewed, building managers of group homes and independent living facilities (ILFs) were asked to provide a roster of residents together with an estimate of whether each resident could be interviewed. Managers and caregivers in group homes uniformly indicated that their residents would not be capable of completing a telephone or individual interview. Although every effort was made to include residents of group homes, these residents could not be successfully interviewed because of the severity of their disabilities. This finding is not surprising, given the rationale for group homes to provide a setting where residents can receive the care and support needed to live as independently as possible. In some cases, the group home residents could respond to questions, but their responses were unrelated to the question posed. In other cases, the residents did not have the verbal skills to respond to questions. Therefore, the sample of residents interviewed was limited to those living in ILFs. The ILF residents' responses are tabulated separately by program Section 202 for the Elderly, Section 202 for the Disabled, and Sections 162 and Section 811 (combined).³⁴

The surveys revealed that most ILF residents live alone. The average age is 40, and the average income is approximately \$6,500. Prior to living in HUD supportive housing, many residents were heads of households in rented homes. Reasons for moving to supportive housing varied, with many citing better handicap accessibility, larger or better apartments, the need for services, the availability of a rent subsidy, and for many who had previously lived in a more restrictive environment the desire to live more independently. The majority of residents surveyed were satisfied with their current living conditions, characterizing HUD-supported housing as better than their former residences. Most used the supportive services available to them, rating the availability of on-site services as important factors in their ability to live independently.

RESIDENT CHARACTERISTICS

Exhibit IV-1 shows that approximately half of those persons now in an ILF were formerly living independently as heads of their own households. Most of them rented rather than owned their own homes.

Overall, 85 percent of the residents in ILFs live alone. The average age of the residents is around 40 years. Their annual household income ranges from \$0 to \$27,000. (Some of the ILF residents are not yet receiving SSI support. However, a small number are employed, at least part-time; during the site visits, we were told of a few residents who worked in a variety of positions, ranging from cashiers in fast food chains to computer programmer.) The average income for the residents interviewed is \$6,516.

³⁴Appendix F discusses in greater detail the survey methodology and efforts to survey residents of group homes.

***Exhibit IV-1.
Prior Place of Residence***

	<u>Section 162 / 811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Living independently as head of own household	73	46.2	60	50.0	83	69.2
Living as dependent in a household	38	24.0	35	29.2	21	17.5
Living in a personal-care facility	18	11.4	13	10.8	7	5.8
Living in an institutional setting, e.g., school, dormitory, group home, or prison	23	14.6	10	8.3	5	4.2
Homeless or living in a shelter	<u>6</u>	<u>3.8</u>	<u>2</u>	<u>1.7</u>	<u>4</u>	<u>3.3</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

SOURCES OF REFERRAL INFORMATION

The two primary sources of referral information about the supportive housing facility in an area were case managers (or other supportive services workers) and relatives (or friends), as shown in Exhibit IV-2. However, the information sources cited varied by program. Nearly two-thirds of the residents housed under Section 162 and Section 811 heard about supportive housing from a case manager or other supportive service worker. But these sources were cited by less than half of the residents housed under Section 202 for persons with disabilities and only 18 percent of the residents housed under Section 202 for the elderly. This finding is consistent with other results indicating that the residents of the housing funded under Section 162, Section 811, and Section 202 for persons with disabilities are more likely to be receiving supportive services and/or case management.³⁵

³⁵ It is also encouraging that the efforts to increase resident participation in governance of the supportive housing programs is reflected in the responses. Two residents indicated that their source of information about their residence was due to their membership on the Advisory Board for the organization that received the grant and constructed the building.

Exhibit IV-2.

Source of Referral to

Section 162, Section 811, or Section 202 Buildings

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Heard from a case manager or other supportive service worker	99	62.7	48	40.0	21	17.5
Told by a friend or relative	37	23.4	41	34.2	64	53.3
Referred by a government agency	13	8.2	20	16.7	8	6.7
Saw article or other publicity	15	9.5	9	7.5	18	15.0
Walked or rode past	4	2.5	2	1.7	9	7.5
Board member of agency sponsoring building construction	2	1.3	0	0.0	0	0.0

Note: Multiple responses were permitted.

Source: Surveys conducted by Abt Associates Inc.

RESIDENTS= SATISFACTION

The resident survey portion of this evaluation was designed to assess the satisfaction levels of the clients of HUD's supportive housing for persons with disabilities. The following sections present the residents' own assessments of their satisfaction with various aspects of the supportive housing and the impacts on their quality of life.

Most Important Reason for Occupancy. Among the residents of buildings under Section 162 and Section 811 and Section 202 for persons with disabilities, the most commonly cited reason for moving into HUD supportive housing was the "desire to live more independently." As shown in Exhibits IV-3A and IV-3B,³⁶ approximately 70 percent of those who were previously living in a more restrictive environment (i.e., as dependents in a household of a family member or friend, or as residents of an institution) moved to HUD supportive housing because it offered an opportunity for greater independence and self-sufficiency. However, only 20 percent of those who had previously been heads of their own households gave that reason. Other reasons given by residents in the Section 162 and Section 811 group included better or larger apartments, handicapped accessibility, and availability of on-site support services. Other reasons cited by the group under Section 202 for persons with disabilities also included handicapped accessibility, as well as a more convenient location and the availability of a rent subsidy.

³⁶ Information about the Section 202 for the elderly program is located in Appendix F, Exhibit F-3.

Exhibit IV-3A.
Reason for Moving
Sections 162 and 811

	Percent formerly independent head of <u>household</u>	Percent formerly dependent in <u>household</u>	Percent formerly in institution or <u>group home</u>	Percent total responses
Desire to live more independently	21.9	68.4	68.1	46.8
Availability of rent subsidy ^C lower rent	13.7	0.0	2.1	7.0
Availability of on-site support services	13.7	5.3	4.3	8.9
More convenient location	8.2	0.0	6.4	5.7
Safer than previous residence	5.5	2.6	2.1	3.8
Handicapped accessible	13.7	10.5	0.0	8.8
Better or larger apartment	8.2	8.0	12.8	9.5
Encouraged by others to try it	6.9	2.6	0.0	3.8
No choice	<u>8.2</u>	<u>2.6</u>	<u>4.2</u>	<u>5.7</u>
Total	100.0	100.0	100.0	100.0

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-3B.
Reason for Moving
Section 202 for Persons with Disabilities

	Percent formerly independent head of <u>household</u>	Percent formerly dependent in <u>household</u>	Percent formerly in institution or <u>group home</u>	Percent Total responses
Desire to live more independently	20.0	62.9	76.0	44.2
Availability of rent subsidy ^C lower rent	11.7	2.9	8.0	8.3
Availability of on-site support services	1.7	0.0	0.0	0.8
More convenient location	15.0	14.3	4.0	12.5
Safer than previous residence	8.3	0.0	4.0	5.0
Handicapped accessible	30.0	17.1	4.0	20.8
Better or larger apartment	8.3	0.0	0.0	4.2
Encouraged by others to try it	5.0	0.0	4.0	3.4
No choice	<u>0.0</u>	<u>2.8</u>	<u>0.0</u>	<u>0.8</u>
Total	100.0	100.0	100.0	100.0

Source: Surveys conducted Abt Associates Inc.

Comparisons Between Current Residence and Previous Residence. When asked to compare their current and former residences, the majority of residents housed under the three supportive housing programs rated the HUD-supported housing as better. As shown in Exhibits IV-4A and IV-4B,³⁷ over 90 percent of residents surveyed indicated that their overall mobility within the current building was either better or about the same as in their prior residence. Over 85 percent also rated the safety of the building and the neighborhood as better or about the same as before. Nearly 80 percent rated the amount of space and access to public transportation as better or about the same as before. The building's social and recreational services were rated as better or about the same by 65 percent of the respondents, but 23 percent said they did not know, largely because their building did not have such a program. Some residents rated the HUD-supported buildings as worse for the following reasons: they wanted more space; they were dissatisfied with amenities (e.g., access to public transportation or the social and recreational services); and/or they were worried about their personal safety.

*Exhibit IV-4A.
Residents' Comparisons: Current and Previous Residence
Sections 162 and 811*

	Percent better than previous residence	Percent about the same	Percent worse	Percent don't know
The amount of space	56.3	22.8	19.6	1.3
Overall mobility within the building	68.4	24.0	3.8	3.8
The safety of the neighborhood	37.3	44.3	13.3	5.1
The safety of the building	60.1	26.6	9.5	3.8
The building's access to public transportation	50.6	29.8	13.9	5.7
The building's social and recreational services	41.1	26.6	10.8	21.5

Source: Surveys conducted by Abt Associates Inc.

³⁷ Information about the Section 202 for the elderly program is located in Appendix F, Exhibit F-4.

Exhibit IV-4B.
Residents' Comparisons: Current and Previous Residence
Section 202 for Persons with Disabilities

	Percent better than previous residence	Percent about the same	Percent worse	Percent don't know
The amount of space	59.2	21.7	16.6	2.5
Overall mobility within the building	65.0	25.0	4.2	5.8
The safety of the neighborhood	44.2	35.0	15.8	5.0
The safety of the building	55.0	29.2	10.8	5.0
The building's access to public transportation	48.3	31.7	11.7	8.3
The building's social and recreational services	29.2	24.2	15.8	30.8

Source: Surveys conducted by Abt Associates Inc.

Residents were asked to compare their previous residence with their current residence in terms of what they paid for rent and utilities and the accessibility of the location. Although the responses varied by program, as shown in Exhibits IV-5 and IV-6, the majority of residents indicated that their current apartment costs were about the same or less and the building was either in a better or equally accessible location, at least in terms of the amount of travel time required to get where they were accustomed to going.

Exhibit IV-5.
Comparisons: Amount for Rent and Utilities

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Current apartment is...						
Less expensive	70	44.3	46	38.3	69	57.5
About the same	34	21.5	22	18.3	17	14.2
More expensive	29	18.4	25	20.9	17	14.2
Did not pay rent before	21	13.3	23	19.2	12	10.0
Don't know	4	2.5	4	3.3	5	4.1
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-6.

Comparisons: Amount of Travel Time Needed to Reach Frequent Destinations

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Current apartment is...						
Shorter distance or less time	59	37.3	46	38.3	47	39.2
About the same distance or time	61	38.6	45	37.5	54	45.0
Longer distance or more time	28	17.8	26	21.7	16	13.3
Don't know/no response	<u>10</u>	<u>6.3</u>	<u>3</u>	<u>2.5</u>	<u>3</u>	<u>2.5</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Similarly, over three-quarters of the residents in each of the supportive housing programs responded that their quality of life had improved either dramatically or somewhat. As shown in Exhibit IV-7, very few reported that the move had a negative effect.

Exhibit IV-7.

Comparisons: Quality of Life After Moving Here

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Moving to current residence. . .						
Improved quality of life dramatically	83	52.5	64	53.3	59	49.1
Improved quality of life somewhat	43	27.2	30	25.0	38	31.6
Didn't change quality of life	18	11.4	13	10.8	9	7.5
Had somewhat negative effect	6	3.9	4	3.3	9	7.5
Had very negative effect	4	2.5	7	5.8	3	2.5
Don't know/no response	<u>4</u>	<u>2.5</u>	<u>2</u>	<u>1.8</u>	<u>2</u>	<u>1.8</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Resident Use of and Satisfaction with Supportive and Social Services. Overall, the supportive and social services used outside the building by the highest proportion of residents are recreation activities (42 percent), transportation (35 percent), social work services (33 percent), medical (i.e., nurse or doctor) services (22 percent), lectures and classes (20 percent), and exercise programs (16 percent). However, there are differences among the residents of the various HUD-supported housing programs: In general, residents of the Section 162 and Section 811 housing are more likely than residents in the Section 202 programs to be involved in these types of programs and services. In fact, the residents in the Section 162 and Section 811 programs are significantly more likely to participate in outside recreational activities than residents in the either of the other programs. This finding is consistent with the anecdotal information gathered during the site visits. Residents of the Section 162 and Section 811 housing have greater access to outside recreational activities. The impetus for this opportunity is likely to be the increased sensitivity of sponsors and building managers to the range of needs of the residents and the steps taken to meet those needs, for example assigning responsibility to the building manager for social and recreational services.

Also shown in Exhibits IV-8A through IV-8C are the services that the greatest proportion of residents currently use outside the building and would prefer to have offered in (or by) the building. These services include transportation (64 percent), recreational activities (60 percent), and exercise programs (60 percent) for the combined Section 162, Section 811 and Section 202 responses. The majority of residents who are using outside health services (dental services excepted) would like to have them offered in the building. This is less true of the two Section 202 programs, which tend to have more health services offered on-site. However, the actual number of building residents who indicated that they would like the health services offered in the building is very small. Educational services are also desired by approximately one-half of the residents living in buildings where such services are not offered. With the exception of case management, the various activities of daily living tend to be offered on site. As a consequence, very few respondents indicated the need for these services on-site.

On average, 42 percent of the residents were "very or somewhat satisfied" overall with the social and recreational services provided (see Exhibit IV-9). There is little variation among the HUD supportive housing programs. However, on average 26 percent said that there were no social or recreational services offered in the building. Recreational activities appear to be one of the social services that many of the residents (as shown in Exhibits IV-8A through IV-8C) would prefer to have offered in the building.

Exhibit IV-8A.
Residents' Use of Supportive Services
Section 162 and Section 811

	Percent use outside building at least once a month		Percent not available in building		Percent* would like in building		Percent don't know	
	N	%	N	%	N	%	N	%
Recreation and Transportation								
Recreation activities	100	63.3	58	58.0	35	60.3	1	1.7
Transportation (car, van, bus to door)	54	34.2	36	66.7	31	86.1	2	5.6
Health Related Activities								
Exercise programs	32	20.3	25	78.1	17	68.0	1	4.0
Visiting nurse, doctor services	48	30.4	41	85.4	22	53.7	1	2.4
Visiting dentist services	16	10.1	14	87.5	10	71.4	0	0.0
Visiting physical therapist services	15	9.5	13	86.7	9	69.2	1	7.7
Health screening, such as vision or hearing checks	14	8.9	13	92.9	10	76.9	0	0.0
Activities of Daily Living								
Social work/case management	63	39.9	26	41.3	13	50.0	0	0.0
Hot meals program	14	8.9	11	78.6	2	18.2	2	18.2
Housekeeping or maid service	25	15.8	16	64.0	9	56.3	3	18.8
Laundry service	22	13.9	4	18.2	4	100.0	0	0.0
Personal assistance with bathing, dressing, taking medicines	17	10.8	8	47.1	5	62.5	0	0.0
Educational Services								
Lectures, classes	37	23.4	29	78.4	18	62.1	2	6.9
Vocational guidance/skills training	32	20.3	25	78.1	15	60.0	1	4.0

*Among tenants who commented that such services are not available in building.®

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-8B.
Residents' Use of Supportive Services
Section 202 for Persons with Disabilities

	Percent use outside building at least once <u>a month</u>		Percent not available in <u>building</u>		Percent* would like <u>in building</u>		Percent <u>don't know</u>	
	N	%	N	%	N	%	N	%
Recreation and Transportation								
Recreation activities	39	32.5	25	64.1	14	56.0	1	4.0
Transportation (car, van, bus to door)	51	42.5	40	78.4	19	47.5	1	2.5
Health Related Activities								
Exercise programs	20	16.7	17	85.0	8	47.1	1	5.9
Visiting nurse, doctor services	25	20.8	22	88.0	11	50.0	0	0.0
Visiting dentist services	4	3.3	4	100.0	3	75.0	0	0.0
Visiting physical therapist services	7	5.8	6	85.7	3	50.0	0	0.0
Health screening, such as vision or hearing checks	3	2.5	2	66.7	2	100.0	0	0.0
Other: rehabilitation and therapy		3.3		100.0		25.0		0.0
Activities of Daily Living								
Social work/case management	39	32.5	30	76.9	13	43.3	0	0.0
Hot meals program	10	8.3	4	40.0	1	25.0	0	0.0
Housekeeping or maid service	10	8.3	8	80.0	2	25.0	1	12.5
Laundry service	4	3.3	2	50.0	2	100.0	0	0.0
Personal assistance with bathing, dressing, taking medicines	25	20.8	19	76.0	7	36.8	1	5.3
Educational Services								
Lectures, classes	29	24.2	23	79.3	9	39.1	1	4.4
Vocational guidance/skills training	25	20.8	16	64.0	8	50.0	0	0.0

* Among tenants who commented these such services are ~~A~~not available in building.[@]
Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-8C.
Residents' Use of Supportive Services
Section 202 for the Elderly

	Percent use outside building at least once a month		Percent not available in building		Percent* would like in building		Percent don't know	
	N	%	N	%	N	%	N	%
Recreation and Transportation								
Recreation activities	29	24.2	15	51.7	10	66.7	0	0.0
Transportation (car, van, bus to door)	35	29.2	28	80.0	16	57.1	0	0.0
Health Related Activities								
Exercise programs	11	9.2	8	72.7	5	62.5	0	0.0
Visiting nurse, doctor services	14	11.7	10	71.4	7	70.0	0	0.0
Visiting dentist services	2	1.7	1	50.0	0	0.0	0	0.0
Visiting physical therapist services	1	0.8	1	100.0	1	100.0	0	0.0
Health screening, such as vision or hearing checks	11	9.2	9	81.8	7	77.8	0	0.0
Activities of Daily Living								
Social work/case management	31	25.8	23	74.2	16	69.6	2	8.7
Hot meals program	8	6.7	5	62.5	3	60.0	0	0.0
Housekeeping or maid service	11	9.2	9	81.8	5	55.6	0	0.0
Laundry service	5	4.2	3	60.0	3	100.0	0	0.0
Personal assistance with bathing, dressing, taking medicines	7	5.8	7	100.0	4	57.1	2	28.6
Educational Services								
Lectures, classes	16	13.3	13	81.3	7	53.9	0	0.0
Vocational guidance/skills training	5	4.2	5	100.0	2	40.0	0	0.0

* Among tenants who commented that such services are not available in building.®

Source: Survey conducted by Abt Associates Inc.

Exhibit IV-9.
Overall Satisfaction with the Social and
Recreational Services Provided

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Very or somewhat satisfied	66	41.7	44	36.7	57	47.5
Very satisfied	35	22.1	21	17.5	39	32.5
Somewhat satisfied	31	19.6	23	19.2	18	15.0
Neutral	27	17.1	23	19.2	26	21.7
Very or somewhat dissatisfied	17	10.8	16	13.3	16	13.3
Somewhat dissatisfied	6	3.8	4	3.3	6	5.0
Very dissatisfied	<u>11</u>	<u>7.0</u>	<u>12</u>	<u>10.0</u>	<u>10</u>	<u>8.3</u>
Total (including those below)	158	100.0	120	100.0	120	100.0

Note:

No social/recreational services in building	44	27.9	37	30.8	21	17.5
Don't know	4	2.5	0	0.0	0	0.0

Source: Surveys conducted by Abt Associates Inc.

The residents were also asked to rate the importance of on-site supportive services to their ability to live independently. The results, presented in Exhibit IV-10, show that on average, 56 percent consider supportive services as either very important or somewhat important to their living independently. Although 28 percent of the residents indicated that supportive services are not at all important to their living independently, only 6 percent on average said that they do not use any of the supportive services and another 1 percent did not voice an opinion or were not sure. Approximately 10 percent of the residents reported that there are no supportive services offered in their HUD supportive housing. The latter finding was nearly twice as likely to be reported by Section 202 for the elderly program residents as by Section 162/811 residents.

Exhibit IV-10.
Overall Importance of On-Site Support Services for Independent Living

	Section 162/811		Section 202 for persons with disabilities		Section 202 for the elderly	
	Number	Percent	Number	Percent	Number	Percent
Very or somewhat important	92	58.3	70	58.3	59	49.2
Very important	48	30.4	43	35.8	39	32.5
Somewhat important	44	27.9	27	22.5	20	16.7
Not at all important	46	29.0	33	27.5	34	28.3
Don't use services	6	3.8	4	3.3	13	10.8
Services not available in this building	11	7.0	13	10.8	14	11.7
Don't know	<u>3</u>	<u>1.9</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Residents' Satisfaction with Their Living Space and with the Building in General. The residents were asked how satisfied they are with their living space (as opposed to the building or its location) with respect to size, storage space, cleanliness, special design features, kitchen, privacy, and noise level (see Exhibits IV-11A through IV-11C). In most cases, over 90 percent of the residents were either very satisfied or somewhat satisfied. Those who were least satisfied were from the subgroup who had been living previously in their own homes as heads of households. A fraction of respondents voiced concerns regarding storage space, privacy, and noise levels.

Exhibit IV-11A.
Satisfaction with Living Space
Section 162/811

	Percent very <u>satisfied</u>	Percent somewhat <u>satisfied</u>	Percent not at all <u>satisfied</u>	Percent don't know
Size	56.3	34.2	8.2	1.3
Adequacy of space	47.5	32.9	17.7	1.9
Adequacy of storage space	72.8	24.0	3.2	0.0
Cleanliness, brightness	67.1	25.9	3.2	3.8
Design features	65.8	27.9	5.7	0.6
The kitchen	56.3	30.4	12.7	0.6
Privacy	51.9	38.0	8.8	1.3
Level of noise (quietness)				

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-11B.
Satisfaction with Living Space
Section 202 for Persons with Disabilities

	Percent very <u>satisfied</u>	Percent somewhat <u>satisfied</u>	Percent not at all <u>satisfied</u>	Percent don't know
Size	58.3	31.7	10.0	0.0
Adequacy of space	29.2	47.5	22.5	0.8
Adequacy of storage space	65.8	28.3	5.9	0.0
Cleanliness, brightness	62.5	33.3	4.2	0.0
Design features	61.7	28.3	9.2	0.8
The kitchen	64.2	25.0	10.0	0.8
Privacy	42.5	38.3	16.7	2.5
Level of noise (quietness)				

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-11C.
Satisfaction with Living Space
Section 202 for the Elderly

	Percent very <u>satisfied</u>	Percent somewhat <u>satisfied</u>	Percent not at all <u>satisfied</u>	Percent <u>Don't know</u>
Size				
Adequacy of space	58.3	34.7	7.5	0.0
Adequacy of storage space	45.0	32.5	22.5	0.0
Cleanliness, brightness	75.0	18.3	6.7	0.0
Design features	72.0	22.5	4.2	0.8
The kitchen	67.5	26.7	5.8	0.0
Privacy	71.7	15.0	13.3	0.0
Level of noise (quietness)	66.7	24.1	7.5	1.7

Source: Surveys conducted by Abt Associates Inc.

The residents' overall satisfaction with their HUD supportive housing apartments was very high in each of the programs. On average, 83 percent were either very or somewhat satisfied with their living quarters, as shown in Exhibit IV-12.

Exhibit IV-12.

Overall Satisfaction with the Apartment

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Very or somewhat satisfied	132	83.6	104	86.7	96	80.0
Very satisfied	96	60.8	72	60.0	73	60.8
Somewhat satisfied	36	22.8	32	26.7	23	19.2
Neutral	18	11.4	11	9.2	16	13.3
Very or somewhat dissatisfied	8	5.0	5	4.1	8	6.7
Somewhat dissatisfied	5	3.1	4	3.3	5	4.2
Very dissatisfied	<u>3</u>	<u>1.9</u>	<u>1</u>	<u>0.8</u>	<u>3</u>	<u>2.5</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Resident satisfaction with building management is not as high. On average, 68 percent of the residents in HUD supportive housing indicated that they were very or somewhat satisfied with building management, while 12 percent said their feelings were neutral. Those living in Section 162 and Section 811 buildings were less satisfied than those in the other two programs, as shown in Exhibit IV-13. Almost all of the residents who expressed dissatisfaction had previously lived as heads of households. One can surmise that they were not accustomed to the closer supervision of a supportive-housing environment.

Exhibit IV-13.
Overall Satisfaction with Building Management

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>		<u>Section 202 for the elderly</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Very or somewhat satisfied	96	60.8	86	71.6	87	72.6
Very satisfied	60	38.0	61	50.8	68	56.8
Somewhat satisfied	36	22.8	25	20.8	19	15.8
Neutral	25	15.8	13	10.8	9	7.5
Very or somewhat dissatisfied	34	21.5	21	17.6	23	19.1
Somewhat dissatisfied	20	12.7	13	10.8	13	10.8
Very dissatisfied	14	8.8	8	6.8	10	8.3
Don't know	<u>3</u>	<u>1.9</u>	<u>0</u>	<u>0.0</u>	<u>1</u>	<u>0.8</u>
Total	158	100.0	120	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Residents living in Section 202 for the elderly buildings were asked if they liked living in a building where most of the residents are elderly. Three-quarters said yes, as shown in Exhibit IV-14. Only 14 percent reported having any problems with their elderly neighbors, as shown in Exhibit IV-15. The most typical complaint reported was some form of gossiping or intrusion into the lives of the disabled residents by the elderly residents. When the disabled residents were asked if they would prefer to be in a building where all of the residents were persons with disabilities similar to their own, nearly 60 percent said no and 24 percent said yes, as shown in Exhibit IV-16.

Exhibit IV-14.
Like Living in Building Serving
Both Elderly and Disabled Persons

	Section 202 for the Elderly _____	
	<u>Number</u>	<u>Percent</u>
Yes	90	75.0
No	22	18.3
Don't know/no response	<u>8</u>	<u>6.7</u>
Total	120	100.0

Source: Surveys conducted by Abt Associates Inc.

Exhibit IV-15.
Had Problems Getting Along with
Elderly Neighbors

	Section 202 for the Elderly _____	
	<u>Number</u>	<u>Percent</u>
Yes	17	14.2
No	102	85.0
Don't know/no response	<u>1</u>	<u>0.8</u>
Total	120	100.0

Source: Surveys conducted by Abt Associates Inc.

***Exhibit IV-16.
Prefer a Building Where All Residents Were Persons
With Disabilities Similar to Those of Respondents***

	Section 202 for the elderly	
	<u>Number</u>	<u>Percent</u>
Yes	29	24.2
No	71	59.1
Don't know/no response	<u>20</u>	<u>16.7</u>
Total	120	100.0

Source: Surveys conducted by Abt Associates Inc.

The residents in the Section 202 for the disabled and Section 162 and Section 811 buildings were also surveyed to determine how they felt about living with persons with disabilities. When asked whether they preferred to live in a building where all of the other residents were persons with disabilities, on average, 75 percent answered yes, 15 percent said no, and 9 percent expressed no opinion, as shown in Exhibit IV-17.

***Exhibit IV-17.
Like Living in Building Designed Primarily for
Persons with Disabilities***

	<u>Section 162/811</u>		<u>Section 202 for persons with disabilities</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Yes	113	71.5	96	80.0
No	27	17.1	16	13.3
Don't know/no response	<u>18</u>	<u>11.4</u>	<u>8</u>	<u>6.7</u>
Total	158	100.0	120	100.0

Source: Surveys conducted by Abt Associates Inc.

CHAPTER V.

SUMMARY OF FINDINGS AND CONCLUSIONS

HUD's supportive housing programs for persons with disabilities fill a crucial need in providing housing for an increasingly neglected segment of the population. The successful delivery of this housing is, however, far from simple. The program is of necessity complex, and development of additional housing units and resident spaces has been slow. This chapter summarizes conclusions and recommendations resulting from the surveys of project sponsors, managers, and tenants, as well as the field work at 30 project locations.

POPULATION SERVED

HUD's supportive housing programs for persons with disabilities serve a severely disabled population. Persons whose sole disability is a physical mobility impairment account for only a small percentage of residents. Most of the group homes developed under the Section 811 and Section 162 programs are occupied by persons who have developmental disabilities, chronic mental illness, or multiple disabilities and need extensive personal care services^Cassistance with the activities of daily living. These tenants are so severely disabled that researchers were unable to conduct tenant interviews with them. Equally important, tenants of both the recently built Section 162/811 housing and older Section 202 housing are becoming increasingly more disabled, and require more services as they age in place. Numerous managers commented that when project vacancies occur they are often filled by persons who have more severe disabilities than those who left.

INCREASING DEMAND AND DECREASING FUNDING

The need for this type of housing is very strong^Cas indicated by the high occupancy rates and waiting lists for existing projects. Despite this documented demand, many states are reducing the funding available for programs for persons with disabilities at the same time that they are removing residents from outdated state institutions and increasing the number of persons eligible for assisted housing. In New Jersey, for example, a recently approved \$160 million bond issue that was initially intended to construct new housing for persons with developmental disabilities and mental illness, will now be used largely to close existing state institutions and fund private care providers. Even in North Carolina, which has been highly successful in developing group homes for persons with developmental disabilities, budget cuts curtail new construction drastically despite a ten-year plan to reduce the population residing in institutions by four percent annually.

Given the severe disabilities of persons currently assisted by Section 162 and Section 811 housing, it is likely that most will be unable to secure affordable housing in the private housing market; and publicly assisted housing designed for low- and moderate-income households in general will not meet their supportive services needs.³⁸ Left without programs that combine housing with essential services, a large percentage of the persons served by these programs will no longer have viable housing opportunities and will fall through the safety net. Clearly either HUD or states and localities will need to set aside funds to provide housing for persons with disabilities, and state agencies must continue to provide services for severely disabled persons.

PROGRAM COMPLEXITY AND DEVELOPMENT DELAYS

HUD's supportive housing program for persons with disabilities is unavoidably complex; as a result, housing production has been slow. Most importantly, the program combines housing development with social services delivery. Everyone involved^Csponsors, HUD staff, consultants, project managers, and others^Cmust have some knowledge of both the housing and social services requirements of the population. Because HUD is primarily in the business of producing housing, many field office staff commented that they frequently do not feel qualified to evaluate proposed service plans for persons with developmental disabilities and/or chronic mental illness.

³⁸During the telephone interviews, numerous project managers commented on the likely problems that their tenants would encounter if they had to seek housing in the private market.

In addition, the housing for persons with physical disabilities requires expertise not needed for other federally subsidized housing. HUD architects often lack familiarity with basic building requirements necessary to accommodating persons with physical disabilities, let alone recent technological improvements in this field, such as windows that can be operated with a finger movement. Sponsors, who are often primarily service providers, are not always adept at articulating the housing needs of their clients. Thus, all parties need to become more familiar with the diverse requirements of serving this special population.

Another factor contributing to the programs' complexity is the multiplicity of rules and regulations required to develop and operate this housing. Because Section 202, Section 162 and Section 811 are subject to Federal Housing Administration rules and standards, the programs are more complicated and difficult to master than construction programs that do not have to meet these standards.

The number of HUD staff involved in the review of application and development documents adds to both the programs' complexity and the speed of project completion. The list of reviews that HUD field office staff must conduct for each project includes an architectural and engineering analysis; a cost evaluation; an environmental assessment, site analysis, and property appraisal; a mortgage credit analysis; and a property management assessment. Procedures for tracking a project's progress through each of these reviews vary from field office to field office. Many sponsors complain that they cannot readily determine the status of their projects, that HUD staff members are slow to report problems with submissions so that they can be corrected, or that staff persons identify and encourage sponsors to correct only one problem at a time, leaving other unaddressed problems to cause delays later. Because numerous reviews are required and because each project feature affects many others, a project's deficiency in one area, such as the architectural and engineering analysis, can result in a project basically starting over with reviews in all areas.

Another factor that may have caused delays for Section 811 projects was the reorganization of HUD field offices that was occurring between 1991 and the time of this evaluation. Although major changes occurred in 1993 and 1994, some effects of reorganization, such as attrition of field office staff, occurred when Section 811 projects from the 1991 award year were being processed. Field offices lost not only staff, thus increasing work loads, but also expertise. As time goes on, field offices will regain the needed expertise.

In addition to problems and project delays resulting from program complexity and multilevel HUD reviews, some factors beyond the control of HUD staff affect program productivity. For instance, site changes due to local opposition and expired land purchase options add to development time. Also, sponsor experience or the lack thereof can affect a sponsor's ability to resolve project problems when they occur.

These program complexities and difficulties have meant lengthy development time frames for a large percentage of Section 811, Section 162, and Section 202 projects. Legislative changes that were made in part to speed up the development process had not yet positively affected Section 811 projects at the time of this evaluation. In part this was due to the lack of a handbook, which limited field office staff's ability to understand the program and to give good advice. Field personnel staff now have a handbook as well as experience and training. Therefore, limited HUD staff capabilities should no longer be an important cause of delays, and the Section 811 program should now be more efficient.

THE NORTH CAROLINA EXPERIENCE

Few field offices outside of North Carolina were able to replicate that state's success in avoiding delays and producing relatively large numbers of projects. However, while highly effective, the North Carolina model is not workable everywhere and it may become less effective in that state in the future. The North Carolina approach relies heavily on three key factors: (1) state financial assistance and legislative support for group homes for persons with disabilities; (2) a close working relationship among state officials, sponsors, and HUD field office staff; and (3) a standardized product that can be quickly reviewed and approved. This last factor is a key component that may become less viable in the future as the State of North Carolina attempts to diversify the types of housing developed for persons with disabilities and moves away from the six-bedroom, group-home model. To the extent that experienced sponsors in North Carolina are able to package projects effectively during the application stage (and thereby skip the conditional approval stage of the development process), their projects will continue to be developed quickly.

The other two components of the North Carolina model could facilitate housing development in other locations. Financial, legislative, and administrative support from other states could help to increase housing development. For example, in North Carolina, state agencies provide reliable expertise for the evaluation of service plans allowing HUD field office staff to focus on their area of expertise housing development. Because states have the key responsibilities for developing and funding service plans, most states already have a greater role in development of Section 811 housing than in other types of federally subsidized housing. HUD should encourage this active role by State agencies as well as cooperation among State agencies, sponsors, and HUD field offices.

Another reason for North Carolina's success is its State legislation requiring localities to accept group homes serving up to six persons in any single-family zone. This makes it easier for sponsors to find suitable sites.

One delay in the development process occurs even in North Carolina: the final closing of projects frequently takes more than six months. In theory the switch from a loan to a capital advance should have expedited the closing process by reducing necessary documentation. In fact, however, the same amount of documentation is required under the Section 811 program as was used under the Section 202 loan program. The number of people involved in preparing documents for the sponsor and reviewing them for HUD has also remained fairly constant. Based on the evaluation findings, this particular delay is not one that will be eliminated unless further changes are made to reduce the documentation required for closings.

OTHER CONCLUSIONS

Several other findings from the evaluation have policy implications:

Managers' Screening of Tenants

HUD has specific regulations and guidelines for review of non-elderly persons with disabilities who apply for housing in buildings occupied primarily by the elderly. Despite these regulations, many managers of housing for elderly persons are confused about their ability to screen potential tenants with disabilities. In particular, many managers believe that they must accept persons with chronic mental illness. Further clarification of this issue and training of project managers could correct a problem that continues in the field.

High Cost Adjustments

Sponsors and HUD field office staffs operating in small towns and urban areas commented repeatedly that cost adjustment guidelines, which currently favor large cities, do not reflect the realities of development costs in many sections of the country. Outside of key major metropolitan areas such as New York City and regions such as northern California development costs do not vary greatly. Consequently, in many HUD field offices, development cost standards should be the same for small cities and rural areas as they are for large cities.

Double-Occupancy Bedrooms

Attitudes among sponsors vary regarding the value of double-occupancy bedrooms in housing for persons with disabilities. Some sponsors believe that these resident spaces are desirable and greatly aide efforts to house the large numbers of persons in need of residences. Other sponsors believe that each tenant should have a private space and should not have to share a bedroom. Based on observations during interviews and field work, a few sponsors are building double-occupancy bedrooms that they are unable to fill (some have been vacant since opening day). Sponsors who elect to develop this type of group home should be required to more thoroughly document demand for double-occupancy bedrooms.

Funding Announcement Dates

Numerous sponsors and their consultants commented that notifications of funds availability (NOFAs) are unreliable. In the past, HUD has frequently indicated that funds would be available by a specific date and then delayed the NOFA's actual issuance. These changes cause difficulties for sponsors, who must option land and begin packaging projects. Firmer dates for NOFAs would improve the application process.

Reliance on Experienced Sponsors

One key strength of HUD's supportive housing program for persons with disabilities is the expertise of sponsors. A high percentage of sponsors are very well informed regarding the characteristics and the service and housing needs of tenants whom they serve. Organizations sponsoring development for persons with physical disabilities are well versed regarding the innovative technology available to facilitate their mobility and independence, and sponsors of housing for persons

with developmental disabilities and chronic mental illness are well aware of the levels of service required to assist tenants while ensuring their maximum independence. When possible, HUD should rely on these highly capable sponsors to determine project characteristics and features.

Scattered-Site Processing

The project review process is especially problematic for scattered-site projects, which have become increasingly common as HUD reduced the maximum number of units for single sites. Difficulties, such as environmental or project design problems, affecting one site can delay development of all locations in a scattered site development. Alternative means of addressing this problem each have disadvantages. Currently, some scattered-site projects proceed by eliminating the problem site—a solution that is seldom favored by sponsors since they lose some reserved funds. As another potential solution, HUD could allow sponsors to proceed with some project sites before all problems are resolved for other sites. Since this could increase both work tasks, such as closings, and time required for problematic scattered-site developments, this alternative should be closely reviewed. Certainly, a minimum number or percentage of sites, say 50 percent, should be ready to proceed before a scattered-site development is divided into separate parts for processing.