Special Purpose Voucher Programs for People With Disabilities: How They've Evolved, What We've Learned, and Where We're Headed

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Abstract

From 1961 to 1992, both older adults and younger persons with disabilities were eligible for most federally funded "elderly" housing.[1] *By the 1980s, these "mixed populations" occupancy policies had become controversial. In 1992, the U.S. Congress passed legislation that allowed public housing agencies (PHAs) and certain types of U.S. Department of Housing and Urban Development (HUD)-assisted properties to change their occupancy policies to limit the number of units in "elderly" housing that adults with disabilities aged 18 to 61 could occupy, or even to exclude this population altogether. To compensate for this loss of access to housing, in 1996, Congress began to appropriate Special Purpose Vouchers—Mainstream (MS) and Non-Elderly Disabled (NED) vouchers—specifically targeting adults with disabilities aged 18 to 61.*

Implementing MS and NED vouchers demonstrates success while encountering challenges. Successes include the large number of PHAs administering these programs and the federal-level partnership that has evolved between HUD and the U.S. Department of Health and Human Services. Challenges include low utilization rates and the difficulty some PHAs find in developing or sustaining local partnerships. Applying lessons learned from formal research, technical assistance provided by the Technical Assistance Collaborative on HUD's behalf, and Emergency Housing Voucher program implementation could help to address some of these programmatic challenges in the future.

[1] Elderly households are households with a head 62 years of age or older. To be eligible for a Non-Elderly Disabled voucher, the household head must have a disability and be between the ages of 18 and 61. To be eligible for a Mainstream voucher, a household must include a person with a disability between the ages of 18 and 61.

Introduction

Special Purpose Vouchers (SPVs) are a type of housing choice voucher (HCV) targeting rental assistance resources to specific populations (HUD, n.d.a.). HUD currently manages the following SPV vouchers:

- Mainstream (MS).
- Non-Elderly Disabled (NED).
- Emergency Housing Voucher (EHV) program.
- Family Unification Program (FUP).
- Foster Youth to Independence (FYI) initiative.
- Stability Voucher program.
- Tenant Protection Vouchers.
- Veterans Affairs Supportive Housing (HUD-VASH).
- Witness Relocation Program.

MS and NED vouchers target people with disabilities aged 18 to 61, also called nonelderly adults with disabilities. From 1961 to 1992, both older adults and nonelderly adults with disabilities were eligible for most federally funded "elderly" housing. By the 1980s, these "mixed populations" occupancy policies had become controversial. In 1992, the U.S. Congress passed legislation that allowed public housing agencies (PHAs) and certain properties to limit the number of younger adults with disabilities who could live in "elderly" housing or even to exclude this population altogether. In 1996, to compensate for this loss of access to housing, Congress began to appropriate MS and NED vouchers.

This article provides an overview of these two SPVs, including their historical purposes and the important roles these programs play in providing affordable housing for extremely low-income people with disabilities. Furthermore, this article explores the challenges in administering MS and NED vouchers, how PHAs and their local partners have addressed these challenges, and how "lessons learned" from these PHAs and other research can inform future implementation efforts.

HUD's Special Purpose Vouchers Targeting People With Disabilities: Overview and History

MS and NED vouchers specifically target households that include people with disabilities aged 18 to 61, also referred to as nonelderly disabled adults. Participants in other SPV programs, such as the EHV and HUD-VASH programs, likely also serve nonelderly adults with disabilities, but this status is not an eligibility requirement for those programs as it is for MS and NED vouchers.

As exhibit 1 illustrates, the primary difference between MS and NED is that NED vouchers require the head of household, co-head, or spouse to be a nonelderly person with a disability, whereas the MS family must include only a nonelderly person with a disability. This person can be but is not required to be the head, co-head, or spouse for MS vouchers.

Exhibit 1

Overview Mainstream and Non-Elderly Disabled Vouchers

Category	Mainstream Vouchers	Non-Elderly Disabled Vouchers
Eligibility	Eligible member can be any member of household	Eligible member must be head of household, co-head, or spouse
Financial Reporting	Separate financial reporting from regular housing choice vouchers	Non-Elderly Disabled voucher reporting is combined with regular housing choice vouchers
Other Names Used for the Program	• Mainstream 5 Year • Mainstream 5 • Section 811 Vouchers • MS5	• Non-Elderly Disabled Voucher program • Designated housing vouchers • Certain Developments vouchers
Total Vouchers Awarded	71,217*	54,727*
Number Administering Entities	645**	397***
Types of Administering Entities	Primarily public housing agencies and some nonprofits	Public housing agencies

*Sources: *https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard (data are as of November 2023); **https://www.hud.gov/sites/dfiles/PIH/documents/Mainstream_Allocations_by_PHA_and_Opportunity_8.15.23%20-%20FINAL-CLEAN.xlsx; ***https://www.hud.gov/sites/documents/ned-baseline-db.xlsx;*
HUD (n.d.b.) "Mainstream Vouchers—The Basics" https://files.hudexchange.info/resources/documents/Mainstream-Vouchers-The-Basics.pdf

Assisted households must meet all HCV eligibility requirements, including income, citizenship or immigration status, and mandatory screening exclusions. However, to be eligible for MS or NED vouchers, the applicant must also meet the 24 CFR Part 5 definition of disability:

1. Have a disability as defined in 42 U.S.C. 423.
2. Be determined, pursuant to HUD regulations, to have a physical, mental, or emotional impairment that (1) is expected to be of long-continued and indefinite duration; (2) substantially impedes his or her ability to live independently; and (3) is of such a nature that more suitable housing conditions could improve the ability to live independently.
3. Have a developmental disability as defined in 42 U.S.C. 6001.

Someone whose disability is based solely on drug or alcohol dependence is generally not considered disabled for purposes of NED or MS voucher eligibility.

PHAs must use the same administrative policies for MS vouchers as for regular HCVs. For example, a PHA must screen MS applicants the same way it screens all applicants to the HCV program.

A Brief History of Housing for People With Disabilities: How MS and NED Came to Be

From 1961 to 1992, adults with disabilities under the age of 62 were eligible for what is today considered affordable "elderly housing" (PRA, 1993). This housing included both PHA-owned properties (primarily efficiency and one-bedroom units) and privately owned, federally subsidized or "HUD-assisted" properties.

In 1992, Congress enacted legislation that permitted PHAs and HUD-assisted housing developments to limit access for adults with disabilities under 62 years of age or, in some cases, to exclude them entirely.[2] A few years later, Congress amended the original Housing and Community Development Act to allow PHAs to admit "near elderly" families, defined as aged 50 to 61, to public housing before admitting disabled adults aged 18 to 49.[3]

This legislation was passed in reaction to a number of factors. PHAs and HUD-assisted properties were reporting rising numbers of disabled adults under the age of 62 applying to and moving into public housing. A 1992 U.S. Government Accountability Office (GAO) report estimated that 51 percent of all new admissions in the previous year had been nonelderly persons with disabilities (GAO, 1992). The increase in younger tenants may have been a result of deinstitutionalization and increased fair housing protections for people with disabilities due to the passage of the Federal Fair Housing Act Amendments of 1988 (Koyanagi, 2007). According to GAO, many PHAs reported that the younger tenants had poor housekeeping habits, disruptive visitors, alcohol abuse, and excessive noise. However, other reports indicated fewer problems (Goranson, 1998). Properties experienced real and perceived conflicts between younger and older tenants who often had different interests and lifestyles. These factors, combined with media hype surrounding some specific incidents, unfortunately resulted in a perfect storm and this exclusionary legislation (Mann, 2011).

Disability advocates lobbied to replace the housing lost through the 1992 legislation and expressed a desire for tenant-based assistance that would give disabled tenants more control over their housing choices (DRACH, n.d.). In 1995, Congress began appropriating tenant-based rental assistance funds to serve nonelderly disabled households. HUD awarded vouchers in various ways to address the issues the 1992 legislation created. For example, "Certain Developments" vouchers were awarded to PHAs in communities with HUD-assisted properties that had implemented elderly preferences or nonelderly limitations (DRACH, n.d.; HUD, n.d.h.). "Designated Housing" vouchers provided rental assistance for nonelderly disabled families who would have been eligible for public housing units if occupancy had not been restricted to elderly families through an approved

[2] *H.R.5334 – Housing and Community Development Act of 1992*. Title VI, 102nd Congress (enacted). https://www.congress.gov/bill/102nd-congress/house-bill/5334. As a result of this legislation, the following HUD multifamily programs are required to maintain *only up to 10 percent* of their units for nonelderly adults with disabilities: Section 8 new construction projects, Section 8 substantial rehabilitation projects, state housing agencies' Section 8 projects, Section 8 new construction projects under the Section 515 rural housing program, and Section 8 housing assistance programs for the disposition of HUD-owned projects. The following HUD multifamily programs have *no set-aside requirement* for nonelderly adults with disabilities: Section 202 of the Housing Act of 1959, Section 221(d)3) of the National Housing Act, and Section 236 of the National Housing Act.

[3] *Housing Opportunity Program Extension Act*. Public Law 104–120—March 28, 1996. https://www.congress.gov/104/plaws/publ120/PLAW-104publ120.pdf.

Designated Housing Plan (DHP; HUD, n.d.c., 2005).[4] In 2011, HUD merged these named vouchers to become either NED or MS vouchers.

HUD made awards of NED and MS vouchers from 1996 to 2002, again in 2008 and 2010, and then not until 2017. HUD made MS awards through competitions in 2017 and 2019 and then awarded PHAs vouchers through noncompetitive notices in 2020 and 2022. As exhibit 2 shows, PHAs currently administer 71,256 MS and 54,967 NED vouchers.

Exhibit 2

Mainstream and Non-Elderly Disabled Voucher Utilization

Special Purpose Vouchers	Total Vouchers Awarded	Total Vouchers Leased*	Utilization Rate (%)
Mainstream	71,217	56,039	78.69
Non-Elderly Disabled	54,727	46,459	84.89

**Data are as of November 2023.*

Source: HUD (n.d.g.) "Housing Choice Voucher (HCV) Data Dashboard" https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard

The Role of Supports and Partnerships

The early NED and MS funding competitions required PHAs to only "assist program participants to gain access to supportive services available within the community, and to identify public or private funding sources for accessibility features, when participants request such assistance, but not require eligible applicants or participants to accept supportive services as a condition of participation or continued occupancy in the program."[5] However, by 2001, PHAs and nonprofits awarded MS vouchers were also required to provide housing search assistance, higher rents to owners for the provision of accessible units and structural modifications for persons with disabilities, and technical assistance to owners for making reasonable accommodations or making units accessible to persons with disabilities.[6]

In early 2011, HUD funded nearly 950 NED Category 2 (NED2) vouchers (HUD, n.d.d.). Developed through a collaboration between HUD and the Centers for Medicare and Medicaid Services (CMS) Money Follows the Person (MFP) program, these NED2 vouchers supported the transition of nonelderly persons with disabilities residing in nursing homes or other healthcare institutions into the community.[7] PHAs were required to develop partnerships to facilitate such transitions and to make supportive services available.

[4] To implement these limitations, PHAs are required to submit a DHP designating public housing projects for elderly family only, disabled family only, or "mixed population" elderly and disabled family only occupancy. DHPs must be submitted to HUD for approval.

[5] NOFA for Rental Assistance for Persons With Disabilities, in Support of Designated Housing Allocation Plans. U.S. Department of Housing and Urban Development. 61 Fed. Reg. 211. https://www.govinfo.gov/content/pkg/FR-1996-10-30/html/96-27839.htm.

[6] Super Notice of Funding Availability (SuperNOFA) for HUD's Housing, Community Development and Empowerment Programs and Section 8 Housing Voucher Assistance for Fiscal Year 2001. U.S. Department of Housing and Urban Development. 66 Fed. Reg. 38. https://www.govinfo.gov/content/pkg/FR-2001-02-26/pdf/01-4310.pdf.

[7] The MFP demonstration, first authorized by Congress as part of the 2005 Deficit Reduction Act and then extended by the 2010 Patient Protection and Affordable Care Act, is designed to shift Medicaid's long-term care spending from institutional care to home- and community-based services.

The most recent MS vouchers (2017 to 2022) reflect a reinvigoration of this HUD-CMS collaboration. Although the early NED and MS vouchers were issued in response to the exclusionary legislation described previously, the 2017 and 2019 MS vouchers were awarded to PHAs interested in addressing federal policy priorities. The 2017 funding competition provided higher scores for PHAs that targeted funds to assist nonelderly persons with disabilities transitioning out of institutional or other segregated settings, at serious risk of institutionalization, homeless, or at risk of becoming homeless. The funding notice stated that targeting resources to these populations would "help further the goals of the Americans with Disabilities Act" (ADA; HUD, 2018). Higher scores were also awarded to PHAs that formalized partnerships with and leveraged resources from state Medicaid agencies and various U.S. Department of Health and Human Services (HHS) partner agencies or organizations. HUD stated that these partnerships would "assist PHAs to use these vouchers by providing referrals, assisting with a timely transition to a unit, and providing the opportunity to access any supportive services and supports" (HUD, 2018). The 2019 funding competition was structured similarly but also supported the goals of HUD's Strategic Plan to Prevent and End Homelessness (HUD, n.d.i.).

MS and NED Vouchers are of Critical Importance to People with Disabilities

MS and NED vouchers address three critical housing challenges facing people with disabilities: (1) the extremely low income of many people with disabilities living alone makes it nearly impossible for them to find affordable housing; (2) people with disabilities continue to be institutionalized despite integration mandates; and (3) the legislative changes to eligibility requirements for HUD-funded housing programs described previously significantly decreased people with disabilities' access to affordable housing.

Millions of Extremely Low-Income People With Disabilities Have Worst Case Housing Needs

Supplemental Security Income (SSI) is the federal income maintenance program that assists people with significant and long-term disabilities who have virtually no assets and—in most instances—no other sources of income. The Social Security Administration's latest report on the SSI program found that 4.1 million people with disabilities aged 18 to 64 receive SSI (SSA, 2023).

In 2024, the national average monthly SSI payment of $983 is only 17.5 percent of the national median income, nearly one-half of what HUD defines as extremely low income (Sloane, 2024).[8] *Priced Out*, a regularly updated report on the housing affordability crisis for people with disabilities, found that these 4.1 million people with disabilities whose sole source of income is SSI cannot afford an apartment in *any* housing market in the United States without additional financial support, such as an SPV (TAC, 2024). HUD defines households with "worst case housing needs" as those with incomes at or below 50 percent of Area Median Income with no government housing assistance and that pay more than one-half of their incomes toward rent, live in severely inadequate conditions, or both. HUD's most recent *Worst Case Housing Needs* report found that, in 2021, 1.26 million (37.4 percent) of very low-income renter households that included people younger than 62 years of age

[8] HUD defines low-income as 80 percent of Area Median Income (AMI) and below, very low-income as 50 percent of AMI, and extremely low-income as 30 percent of AMI.

reporting at least one of the six disability measures in the American Housing Survey had worst case housing needs (Alvarez and Steffen, 2023). Of these 1.26 million households, 34.4 percent are not living with family or others. HUD's *Worst Case Housing Needs* data include only renters and do not reflect those who have already lost housing and are experiencing homelessness, are at risk of homelessness, live in segregated institutions, or are incarcerated because neither enough affordable housing nor sufficient access to rental assistance exists (Alvarez and Steffen, 2023).

People With Disabilities Desire and Have the Right to Live in the Community

In the 1999 *Olmstead v. L.C.* decision, the U.S. Supreme Court found that unjustified segregation of persons with disabilities constitutes discrimination in violation of Title II of the ADA, which mandated that public entities must ensure that people with disabilities live in the most integrated settings possible (Martone, Arienti, and Lerch, 2019). Not only is it the law, but numerous studies have found that people with disabilities prefer living in integrated community-based settings and that they are more likely to have positive outcomes when they are able to choose where they live (Mathematica, n.d.; Keck, 1990; Oliver et al., 2020; Tanzman, 1993). It is also of note that during the height of the COVID-19 pandemic, people with disabilities living in institutional and congregate settings, such as nursing homes, were at higher risk of death than those in noncongregate settings (Chidambaram and Burns, 2024; Landes et al., 2020).

Despite state efforts to "rebalance" spending from institutions to community-based programs, many people with disabilities remain institutionalized. Approximately 1.4 million people with disabilities live in segregated institutional settings, such as psychiatric hospitals, nursing homes, and residential board and care facilities (Houtenville, Bach, and Paul, 2023). Many of them were homeless at admission and are institutionalized due to a lack of integrated affordable housing (Wadhera et al., 2019).

MS and NED Replace Affordable Housing Opportunities Lost to People With Disabilities

Although the legislation passed in 1992 made clear that existing tenants could not be involuntarily displaced, housing opportunities were significantly diminished for people with disabilities on waiting lists and others seeking housing in the future. In 1996, the Technical Assistance Collaborative (TAC) estimated that people with disabilities would lose access to an estimated 273,000 units (O'Hara, Miller, and Collins, 2001). In 2001, using data from HUD and two federal studies, TAC and the Consortium for Constituents with Disabilities revised the estimate to be between 268,500 and 293,500, including 200,000 to 225,000 units of HUD-assisted housing (O'Hara, Miller, and Collins, 2001).

HUD's most current data indicate that 96 PHAs have active DHPs designating nearly 36,000 units as elderly only, and another 259 PHAs have DHPs that had previously reported more than 56,000 units as elderly only (HUD, n.d.e., 2021).

MS and NED Implementation Challenges

Despite the great need for affordable housing for people with disabilities—including people living in institutions or at risk of institutionalization and those experiencing or at risk of homelessness—

as of November 30, 2023, MS utilization stood at 78.69 percent and NED voucher utilization at 84.89 percent. Vouchers are "underutilized" when a PHA has not leased all its vouchers or has not utilized all the resources provided. PHAs that do not lease up at least 80 percent of their MS vouchers risk HUD recapture and reallocation of funds (HUD, 2018).

MS voucher underutilization can be explained by large, fairly recent new tranches of MS awards. Before 2017, approximately 15,000 MS vouchers had been awarded. The remaining 56,000 vouchers were all awarded in the past 6 years. However, as described previously, no new NED vouchers have been awarded since 2010, yet utilization was just under 85 percent in November 2023. A few studies, and recent work directly with PHAs administering MS vouchers, provide some insight into voucher implementation challenges.

Studies Find Implementation Challenges

A 2014 study of NED2 vouchers provides some insights into the challenges of using SPVs to support people with disabilities transition from nursing facilities and other institutions to the community (Lipson, Hoffman, and Kern, 2014). The study found that many PHAs initially reported receiving very few referrals to their programs and noted that many clients' case managers did not have housing experience or expertise. The NED2 programs also cited difficulty identifying accessible units and units with rents within the required PHA payment standards. In addition, landlords were not willing to hold units while supportive services (for example, personal care attendants) were identified as needed for participants transitioning from nursing facility plans. Finally, the study found that many applicants had missing documentation, bad credit, or criminal backgrounds (Lipson, Hoffman, and Kern, 2014).

Housing discrimination is another challenge people with disabilities face when seeking rental housing. The 2023 *Fair Housing Trends Report* by the National Fair Housing Alliance found that more than 50 percent, or 17,500, of all discrimination complaints in 2022 were disability related, a consistent trend for the past 10 years (Augustine et al., 2023). HUD's 2017 study on housing discrimination experienced by people with certain disabilities found that individuals with mental illness and intellectual or developmental disabilities were less likely to be told an advertised unit was available, less likely to be invited to contact the housing provider, and less likely to be invited to inspect the unit (Hammel et al., 2017). People with mental illness had higher rates of adverse treatment than individuals with intellectual and developmental disabilities.

Insights From Public Housing Agency Communities of Practice

Since April 2021, TAC has provided technical assistance support in the form of communities of practice (CoPs) for PHAs administering MS vouchers. In 2021 and 2022, TAC facilitated three CoPs, with the goals of facilitating ongoing peer-to-peer learning among PHAs, improving voucher access for people with disabilities transitioning out of institutions or segregated settings, increasing MS voucher utilization, and improving coordination among PHAs and health and human service agencies and systems. Each of the three CoPs was marketed to a specific group of PHAs, which then self-selected and volunteered to participate. The three groups were (1) state housing agencies only, (2) PHAs in Connecticut, and (3) PHAs in Minnesota. Thirty-seven PHAs participated in total.

Through these CoPs, TAC identified some thematic challenges that PHAs face during implementation (HUD, n.d.b.). Some of these challenges are the same as those seen currently in almost any HCV or SPV program, given the strong rental markets across the country—but others are unique to, or intensified for, the very low-income young adult with disabilities target population.

Application. PHAs found that many eligible households that did not have case managers, advocates, or family members to assist them had a hard time submitting completed applications at all or in a timely manner. PHAs indicated that applicants for MS vouchers required a longer time to secure paperwork, such as income documentation.

Applicants for MS vouchers are selected from the PHAs' required single HCV waiting lists. Discussions with PHAs revealed that, in some cases, program startup had been delayed because the PHA's HCV application did not request the disability or preference information necessary to identify eligible applicants already on waiting lists. These PHAs had to develop strategies to identify such applicants and expand the pool if needed. These sometimes costly or staff-intensive strategies might have involved sending letters to large groups of applicants on waiting lists, establishing new preferences in the PHA Administrative Plan, opening and closing the waiting list, and other activities. Furthermore, when the PHA did not have at least one local service or disability partner, identifying new eligible applicants for the waiting list was difficult.

Housing Search. Once issued vouchers, many households faced challenges in their housing searches. In competitive rental markets, some participants could not move quickly enough to secure units. Insufficient financial resources necessary to "close the deal," such as application fees or security deposits, also hampered many participants. Applicants whose sole source income is SSI and who may have "worst case housing needs" will have difficulty saving enough for security deposits equal to a full month's rent. This challenge is even greater for individuals in nursing facilities and institutions, where the resident may receive less than $100 per month. Even when funding for security and utility deposits and application fees was available through state or local programs, the funding agency often did not move quickly enough to allow people with disabilities to secure units before they were leased to someone else. Finally, property managers often screened out people with difficult tenancy histories, such as numerous evictions or criminal records.

Unit Identification. Individuals trying to lease up with MS vouchers faced challenges, such as lack of supply and fierce competition for any available rental housing stock, challenges similar to those faced by participants in other rental assistance programs—such as HCV, EHV, and state rental assistance programs. Other unit identification challenges were unique to the target population, such as the need for accessible units or one-bedroom units in locations near public transportation.

Housing-Related and Other Supports. Although early MS competitions required PHAs to support activities such as housing search, PHAs in the CoPs made it clear that they were perpetually understaffed and unable to provide individualized supports. Although some MS applicants had help from case managers, advocates, or family members (for instance, MFP participants generally had case managers or other housing supports), many did not. PHAs reported that people with disabilities without such assistance had a much harder time finding, securing, and leasing housing. Some PHAs had developed partnerships with local disability organizations—such as centers for

independent living, homeless providers, or other nonprofit agencies—and could ask these agencies to assist participants. Sometimes, these local relationships were not sustained.

What Works? Lessons Learned

Both scholarly literature and technical assistance experience provide insights on implementation challenges as well as factors that contribute to success.

Lessons Learned from the Literature

A study of NED2 voucher implementation conducted by the HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE) found several implementation approaches and activities associated with successful voucher issuance and leasing (Lipson, Hoffman, and Kern, 2014). First, PHAs and partners with preexisting partnerships or strong lines of communication were able to issue and lease up more quickly. Second, states with a centralized implementation model—such as a single statewide coordinator or a small team of regional coordinators responsible for ensuring continual progress and accountable for identifying bottlenecks and barriers—had greater success. Third, states with dedicated housing coordinators at the state or local levels had greater success than those without.

Mathematica's 9-year study of the MFP program, which seeks to support transitions from nursing facilities to the community, also provides useful insights (Mathematica, n.d.). For example, a 2011 field report found that one of the biggest contributors to program success was MFP's ability to pay for one-time move-in costs, such as security and utility deposits, home furnishings, and home modifications (Lipson, Valenzano, and Williams, 2011).

Lessons Learned From the Public Housing Agency Communities of Practice

The Mainstream CoPs had findings similar to those in the previous studies. Partnerships between housing and service providers can support effective outreach and referrals, housing searches, timely transitions to units, and ongoing access to supportive services and tenancy supports (HUD, 2023a). Sustaining these partnerships over time is also critical and requires a written memorandum of understanding or other protocol that includes updating partners with staff changes, onboarding new staff, and meeting regularly. Since the ASPE study was issued in 2014, rental housing markets have become more competitive, and new state and federal rental assistance programs have been established (for example, EHV), creating even more competition between voucher holders for units. PHAs and local partners have learned the importance of landlord incentives, such as those in exhibit 3, to secure units in competitive markets.

Exhibit 3

Examples of Landlord Incentives

Financial Incentives	Nonfinancial Incentives
• Lease signing bonuses • Extra security deposit • Holding and vacancy fees • Help with minor repairs • Risk mitigation funds (reimbursement for repairing damages)	• Staffing landlord liaison to respond to questions and tenancy issues • Quick inspection process to reduce turnover time • Quick and timely processing of checks • Offering tenancy education to clients • Proactive check-ins to prevent and resolve tenancy issues • Tenancy support to avoid eviction • Community recognition for landlords

Source: HUD (n.d.b.) "Mainstream Vouchers: Lessons Learned from Communities of Practice" https://files.hudexchange.info/resources/documents/Mainstream-Vouchers-Lessons-Learned-from-Communities-of-Practice.pdf

PHAs participating in the CoPs also identified successful strategies for identifying units with accessible design features.

- MyHousingSearch.com is a portal for rental listings in an estimated 40 states and local communities. This website allows housing seekers to search for rental apartments statewide or in specific communities. The websites are free. Users can search specifically for accessible units that meet the rent limitations of their vouchers.

- Some states and communities have developed their own housing search tools, including Housing Navigator in Massachusetts and Housing Link in Minnesota.

Although the rules governing state PHAs are no different from those for any other PHA, the state agencies are better positioned than local PHAs for certain actions. For example, the CoPs found that MFP, which the state Medicaid agency administers, often worked more successfully with state PHAs than with local PHAs in the same state.

TAC also observed that different target populations may require different program designs or "tweaks." For example, PHA programs targeting younger MFP participants with disabilities transitioning from nursing facilities and other institutions tended to be slower to lease up with vouchers but better at helping tenants retain housing because MFP participants have access to Medicaid-funded, long-term services and supports or other state resources, such as a State Mental Health Authority. In contrast, local homeless coordinated entry systems can provide faster applicant outreach and referral. However, many homeless systems do not (yet) have robust sources or partners to provide the long-term services and supports needed to help some participants sustain their tenancies.

Lessons Learned From the Emergency Housing Voucher Program

EHV is a new SPV program. The program targets individuals and families who are experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence or human trafficking, or were recently homeless or had a high risk of housing instability. Although disability is not an EHV eligibility requirement, HUD homeless data suggest that many persons in these eligibility categories do have disabilities or disabling conditions (HUD, 2023b).

Many of the lessons discussed previously have been applied in the EHV program. The EHV program—

- Provided PHAs with robust administrative funding, including financial incentives for meeting leasing milestones and a per voucher service fee that could be used to pay for housing search assistance, landlord incentives, tenants' security and utility deposits, furniture, and household goods as components of the program's success. PIH Notice 2023–23 recently amended EHV operating requirements to add pretenancy services and services that support families in fulfilling their obligations under the EHV program as an eligible use of service fees (HUD, 2023c).
- Required PHAs to develop a memorandum of understanding with their local homeless planning entity for applicant outreach and referral, and in some cases, housing search and other assistance.
- Requires PHAs to establish separate waiting lists for EHV referrals and applicants.
- Loosened the program's screening requirements to address the challenges described previously for MS applicants who have difficult tenancy or even criminal histories.

Based on the relatively speedy lease up of vouchers across the country, the EHV program has demonstrated some success, probably partly due to the EHV program designs. HUD is certainly betting on that as it applies many of these design features to stability vouchers (SVs), its newest SPV program.

Considerations for the Future

Based on the lessons described above, the following recommendations can help agencies avoid implementation challenges and achieve full and efficient utilization of these critical resources.

Build "Lessons Learned" Into All Special Purpose Voucher Programs

Like the MS and NED voucher programs, several other SPV programs also experience utilization challenges and would benefit from the types of flexibilities provided for the EHV and SV programs. The Biden Administration's fiscal year 2024 budget request includes language that would add flexibilities for MS and FUP vouchers:

> HUD proposes to provide PHAs with certain flexibilities in the administration of Mainstream, FUP and FYI programs. These flexibilities would allow PHAs to adopt certain specialized policies for these programs, enabling them to create separate waiting lists, extend the time households may search for housing, apply reduced screening criteria, and accept direct referrals from supportive service agencies. HUD further proposes to provide statutory flexibilities for PHAs to allow FUP and FYI programs the flexibility to adopt a 90- to 120-day referral timeline. It is difficult for youths to find units for lease within the current 90-day timeframe, which increases the risk that such persons would experience homelessness. This extended referral timeline would allow more people more time to enter these programs (HUD, n.d.f.).

Continued HUD-HHS Collaboration Can Support SPV Utilization by People With Disabilities

CMS has issued a series of guidance resources encouraging state Medicaid agencies to address health-related social needs by paying for housing and tenancy supports (CMS, 2023a, 2023b, 2021, 2014). Housing and tenancy supports include both pre-tenancy services, which assist individuals to prepare for and transition to housing, and tenancy-sustaining supports, which are provided once an individual is housed to help the person achieve and maintain housing stability. HUD and HHS recently announced a Housing and Services Partnership Accelerator (HSPA), which will support eight states and the District of Columbia in developing or expanding innovative housing-related supports and services for Medicaid-eligible people with disabilities and older adults experiencing or at risk of homelessness. HSPA will focus on helping states improve collaboration and coordination between organizations and systems that provide services and resources that help people find—and keep—stable housing in the community. HUD and HHS should continue to collaborate to provide guidance and support to PHAs to connect SPV participants, including MS and NED recipients, with these critical supports.

Harness State Housing Agencies' Superpowers

Thirty states have state housing agencies that administer the HCV program.[9] Although the rules governing state housing agencies are no different from those for any other PHA, these agencies are better positioned than local PHAs for certain actions. Communication between state agencies is simpler than when communication has to be relayed through several layers of bureaucracy from a state Medicaid agency to a county health department and then to a local PHA. HUD may want to consider (1) providing incentives for every state to develop a state housing agency capable of administering the HCV program and (2) strategically leveraging state-level relationships in funding rounds. In addition, HUD should encourage HHS to harness local and regional strengths and work with state Medicaid, behavioral health, and disability agencies to identify successful models for county and local health, behavioral health, and disability entities' collaboration with local PHAs.

Provide Additional Guidance and Support to Encourage PHAs to Project-Based SPVs

HCVs can be tenant-based, allowing tenants to choose the neighborhoods and rental apartments where they will use vouchers, or project-based, when the rental assistance is attached to a specific property or unit. As discussed previously, many people with disabilities prefer tenant-based rental assistance that allows them to express personal preferences. Unfortunately, for a number of years, much of the country has experienced increasingly tight rental markets, especially among affordable rental units. The freedom to choose is meaningless when little is available from which to choose. Project-based vouchers are a strategy to secure housing stock for very low-income renters and are especially helpful in securing housing opportunities in desirable gentrifying neighborhoods pushing out many renters. Therefore, now may be a good time to encourage PHAs to project-based SPVs to help house vulnerable populations more quickly in the short term.

[9] Reported by HUD Public and Indian Housing staff.

Support Identification of Accessible Housing for People With Physical Disabilities

Federal fair housing laws require that new or substantially rehabilitated properties provide units that are accessible or have universal design elements, or both. New and rehabilitated units become available every year through each state's Low-Income Housing Tax Credit (LIHTC) program. Properties awarded LIHTC subsidies are required to accept HCVs, including MS and NED vouchers. Ensuring that PHAs and housing seekers are aware of these accessible housing opportunities can better ensure that participants requiring these design features can locate affordable apartments that have them.

Further Explore How Financial Incentives Can Address Implementation Challenges

Both the literature review and the CoPs suggested that landlord incentives and applicant funds for security and utility deposits, application fees, and other one-time costs can improve SPV utilization. However, HUD reports that only about one-third of PHAs requested the MS extraordinary administrative fees and only slightly more than 50 percent of service fees have been expended in the EHV program (HUD, n.d.g.). Understanding these contradictions may be useful to future SPV program implementation.

Ensure Special Purpose Vouchers Continue to Target the Most Vulnerable Populations

SPV implementation demonstrates balancing an accelerated rollout with a commitment to target the most vulnerable populations is challenging. The EHV experience confirms that lease up can occur more quickly with waivers to the current HCV regulations; funding for landlord incentives and other unfunded, critical activities; and effective partnerships between PHAs and supportive services agencies. The Housing and Services Resource Center, a collaboration between HUD and HHS, and the Homeless and Housing Resource Center in the Substance Abuse and Mental Health Services Administration can support these types of ongoing cross-agency, cross-sector collaborations.

Conclusion

MS, NED, and other SPV programs serve very low-income and vulnerable populations that are at high risk of homelessness, institutionalization, and incarceration without rental assistance. Understanding and applying lessons learned about maximizing utilization of these limited resources is critical to addressing the federal priorities of community integration and ending homelessness.

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