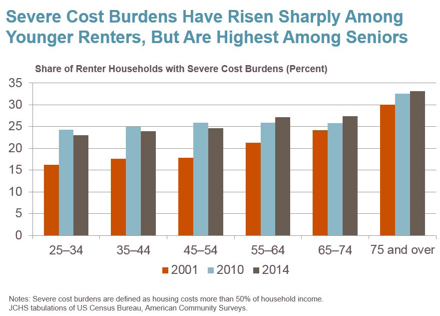
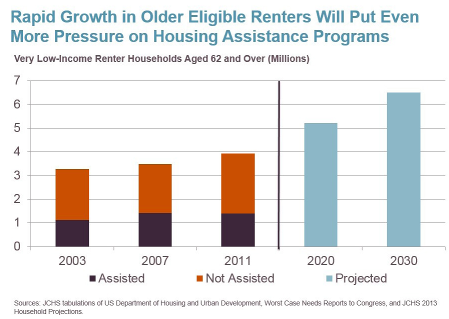
ISSUE BRIEF

Affordable Senior Housing





The above charts, from the Joint Center for Housing Studies of Harvard University, show the high levels of severe housing cost burdens by seniors today, and how our nation's housing assistance programs fail to provide very low income seniors with a housing safety net.

FY2017 HUD Appropriations Priorities for Affordable Senior Housing

Preservation of existing housing affordable to very low income seniors by fully funding 12-month contracts for:

- **Project Rental Assistance Contract Renewals**
  - Fully fund the renewal of all Section 202 Project Rental Assistance Contracts (PRACs), at $427 million, to ensure that all 121,175 affordable homes in these communities are preserved.
- **Project-Based Rental Assistance/Section 8 Contract Renewals**
  - Fully fund Project-Based Rental Assistance Contracts, at $10.9 billion, to ensure the stability of these contracts, which include rental assistance for an additional 3,800 communities (204,503 units) in the Section 202 Housing for the Elderly portfolio.

Access to Rental Assistance Demonstration for PRACs

- Several HUD rental housing programs are allowed to convert their subsidy streams to the Section 8 subsidy platform under the Rental Assistance Demonstration (RAD). We support allowing Section 202 communities with PRACs (there are 2,900 of such communities) to access the RAD program. Under RAD, these properties could take on debt and use financing mechanisms to renovate and maintain communities in ways that are currently prohibited for PRACs. LeadingAge also supports $4 million to assist certain PRAC properties convert under RAD. These non-controversial "RAD for PRAC" provisions were included in the Senate's FY17 HUD bill.

Renewal and Expansion of Service Coordinators

- Funding this program at $91 million will keep today's Service Coordinators in place and expand the service coordinator program to additional properties. Only 50% of Section 202 properties have a service coordinator, the presence of which in a community has been shown to reduce the odds of having a hospital admission among residents by 18%. The House and Senate FY17 bills only maintain existing Service Coordinator funding ($75 million) and do not provide sufficient funding to expand this program to additional communities.

Emergency Repairs

- To meet immediate capital repair needs for Section 202 properties, which periodically confront unexpected and significant repair costs, we urge Congress to provide $5 million for emergency capital repair grants in FY17.

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Funding to Produce New Affordable Housing

- We support resources to increase the supply of affordable senior housing, through the Section 202 program or other means, in order to begin to meet the ever-growing need. Congress has not provided any resources since 2011 to expand the stock of housing affordable to very low income seniors.

Sufficient Funding for Tenant-Based Rental Assistance and Public Housing

- Funding is necessary to renew all 2.2 million Tenant-Based Rental Assistance vouchers; fully 22% of voucher-assisted households are headed by someone 62 or older. Sufficient funding and preservation tools are also required for the nation's 1.1 million units of public housing; fully 33% of public housing-assisted households are headed by someone 62 years or older. Together with Project-Based Rental Assistance, these three programs serve millions of senior-headed households.

FY2017 USDA Rural Housing Service Priorities for Affordable Senior Housing

We must preserve and expand the Section 515 program with adequate Section 521 Rental Assistance to meet the needs of very low income seniors aging in place in rural America.

- Of the nation's 533,000 USDA Rural Housing Service Section 515 multifamily units, more than half serve seniors and persons with disabilities. The average annual income of Section 515 households is less than $13,000. As Section 515 properties near the end of their mortgage contracts and use restrictions, nonprofits can be a key community partner to ensure these homes do not leave the affordable housing inventory.
- LeadingAge supports language inserted into the Senate Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Committee's FY2017 appropriations bill that would authorize incentives to facilitate the transfer of USDA multifamily properties to nonprofit organizations and public housing authorities, including allowing such entities to earn a Return on Investment and an Asset Management Fee of up to $7,500 per property. These types of tools are critical to encouraging nonprofit participation in the preservation of these homes.

Low Income Housing Tax Credits

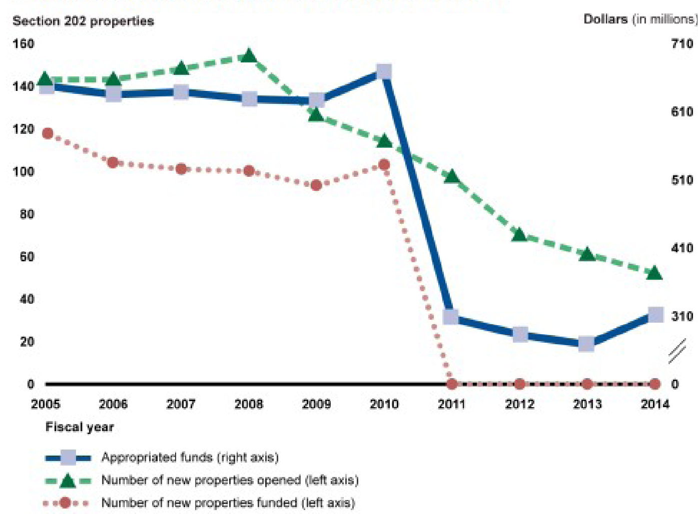
The Low Income Housing Tax Credit Program (LIHTC) is a critical production program for affordable senior housing. LeadingAge supports:

- Increasing the annual amount of 9% credits available to states by 50%.
- Providing up to a 50% basis boost for properties targeting extremely-low income or homeless families and individuals, allowing these projects to achieve greater financial feasibility and eliminate the need for debt financing.
- Allowing "income averaging" at LIHTC properties. This proposal would require at least 40% of the units in the LIHTC property to be occupied by tenants with annual incomes that average no more than 60% of the area median income (AMI), but are never individually more than 80% AMI or be treated as less than 20% AMI.
- There should be a basis boost for service-enriched.

FY2018 HUD Appropriations Priorities for Affordable Senior Housing

Fund new construction. The following chart from GAO Report GAO-16-758 shows the decline of funding for new construction via HUD's Section 202 Housing for the Elderly program. While $100 million for new construction was provided in FY11, those funds were combined with FY10 resources. Congress has not provided new senior housing construction funds since the $100 million provided in FY11.

Figure 4: Number of Section 202 Properties Funded and Opened Compared to Section 202 Appropriations, Fiscal Years 2005 through 2014



Source: GAO analysis of Department of Housing and Urban Development data. | GAO-16-758

To address the housing and services needs of low income seniors, providers need:

- Fund a new HUD-administered program, the Service-Enriched Affordable Living (SEAL) program, to provide a leveraging source of construction funds to nonprofit sponsors for the development of housing affordable to very low income seniors. In addition to providing a share of capital funding, SEAL funds would include project-based rental assistance and enriched services financing. Amount requested for FY18: $600 million.
- Set-asides of each state's Low Income Housing Tax Credit allocation for seniors proportionate to the state's overall need for affordable housing.
- Financing from the Centers for Medicare and Medicaid Services of proven housing plus services models in new, federally-assisted senior housing.

Preserve Existing Affordable Senior Housing

To preserve communities with PRACs, project sponsors need:

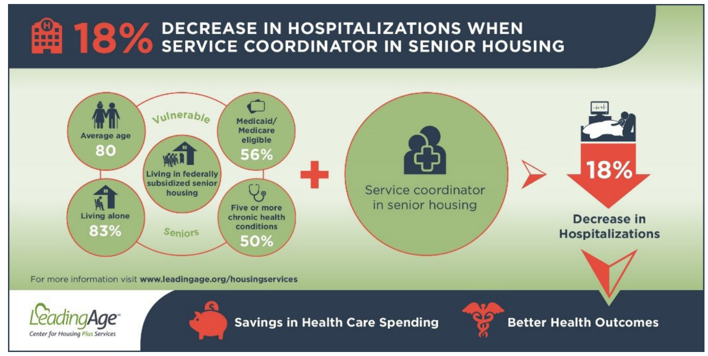
- Make PRACs eligible under an expanded RAD program, which would allow PRAC properties to leverage new financing for preservation.
- Improved PRAC budgeting processes to provide adequate funding of reserve for replacement account, and access to residual receipts account to offset repair needs.
- Funding for Section 202 Emergency Capital Repairs to address critical repair needs.
- Funding for the existing Service Coordinator program, as well as pursuance of Centers for Medicare and Medicaid Services funding for services where seniors live.

To maintain stable, affordable housing for seniors currently served by HUD programs, **adequately fund the renewal of Section 202 PRACs, Project- and Tenant-Based Rental Assistance, and Public Housing.**

Permanently Fund Services

The evidence is undeniable that housing plus services models lead to smarter spending, increased access to care, and better outcomes. To produce and operate federally-assisted affordable senior housing without service-enriched components would be counter to the growing understanding of the relationship between such services and the benefits to seniors and the public purse.

The following graphics show some of the cost savings to the federal government by investing in enhanced service coordination within the affordable housing platform:



SASH a caring partnership
SUPPORT AND SERVICES at HOME

The SASH program has demonstrated improved population health while slowing Medicare expenditures by over $1500 per person per year.

The Center for Medicare and Medicaid Services (CMS) and its federal partners should be responsible for the predictable, reliable financing of enriched services to seniors in their homes. CMS must lead the effort to finance service-enriched supports, building upon the affordable housing platform, such as:

- Determining the feasibility of authorizing Medicare contributions to multi-payer pools to fund services.
- Evaluating whether the Medicare Advantage concept can be adapted to cover low income seniors in congregate housing and low income neighborhoods.
- Inclusion of proven Housing Based Service Models as a review criteria for CMS demonstrations, Medicaid waivers, and other grants and pilots.

Further, within the Low Income Housing Tax Credit program, there should be a basis boost for service-enriched.

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Expand Project-Based and Tenant-Based Subsidies

Project-Based Rental Assistance:

- Traditional Project-Based Rental Assistance must be provided jointly with Service-Enriched Affordable Living (SEAL) funds. This will ensure affordability for seniors and the long-term preservation of the homes as affordable for generations to come.

Tenant-Based Rental Assistance:

- Similar to special purpose vouchers for other particularly vulnerable populations, such as the highly successful Veterans Affairs Supportive Housing voucher program (VASH), there should be **special purpose vouchers for senior households.** Vouchers are a key tool to fight the graying of America's homeless population, and recently enacted improvements to the project-basing of vouchers can make Senior Vouchers a key tool to make otherwise unaffordable homes affordable.

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