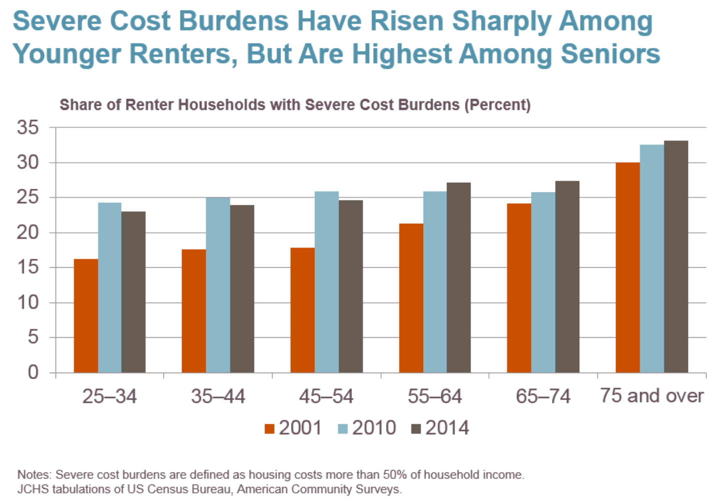
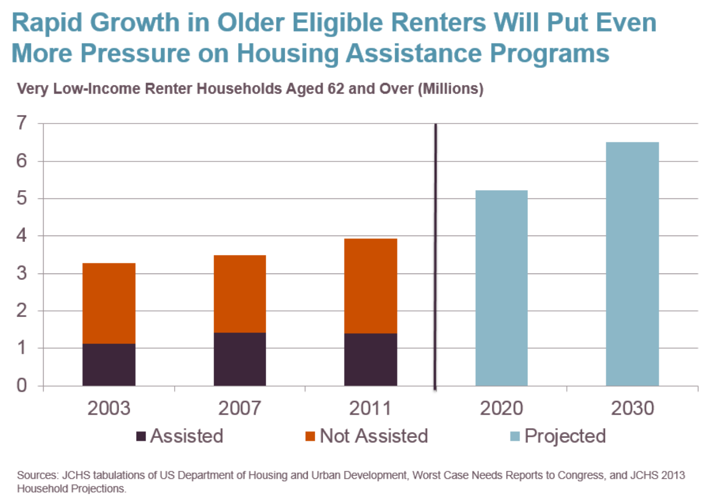
Issue Brief

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 on older adults today, and how our nation's housing assistance programs fail to provide most very low income older adults with a housing safety net today and, projected, for older adults tomorrow.

FY2018 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 (PRAC) Renewals, Service Coordinator Renewals, Senior Preservation Assistance Contracts.** Full funding for the Section 202 account in FY18 is $573 million, including a needed $15 million increase for Service Coordinators. The House Committee's HUD FY18 bill provides $573 million.
- **Project-Based Rental Assistance / Section 8 Contract Renewals**
    - Fully fund Project-Based Rental Assistance Contracts. Section 8 Project-Based Rental Assistance provides operating subsidy for about 3,800 communities (more than 200,000 units) in the Section 202 Housing for the Elderly portfolio.

Increase the supply of service-enriched affordable senior housing by:

- Funding for 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, from HUD, project-based rental assistance and, from the Department of Health and Human Services, enriched services financing. Amount requested from HUD for construction financing in FY18: $600 million.
- Providing traditional Project-Based Rental Assistance jointly with Service-Enriched Affordable Living (SEAL) funds.
- Funding special purpose vouchers for older adult households. 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 older adult households**.
- Financing from the Centers for Medicare and Medicaid Services of proven housing plus services models in new, federally-assisted senior housing.
- **Expanding funding for new Section 202** homes with Service Coordinators.

Preserve Existing Affordable Senior Housing:

- Make PRACs eligible under an expanded **Rental Assistance Demonstration** program, which would allow PRAC properties to leverage new financing for preservation. This “RAD for PRAC” expansion was included in the House Appropriations Committee’s FY18 HUD funding bill.
- 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 ($5 million).
- Funding for the existing Service Coordinator program, as well as pursuance of Centers for Medicare and Medicaid Services funding for services where seniors live.

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.

Reject “Rent Reforms” Proposed by HUD

- As part of its FY18 request, HUD has proposed “rent reforms” as cost-savings measures. Unfortunately, these “reforms” would freeze rents to sponsors and owners of HUD-assisted housing, and raise rents for all older adult residents of HUD-assisted housing. The Center on Budget and Policy Priorities estimates rents would increase by $83 a month for HUD-assisted older adults.

No More NDD Cuts

- The 2011 Budget Control Act established caps that limit overall appropriations for most defense and non-defense discretionary (NDD) programs. The sequester caps set to be implemented for FY18 will make further cuts to spending for all NDD programs, including HUD’s housing programs.
- Pressure to increase spending for defense, provide tax relief, pay for an infrastructure bill, and/or pay for a new wall along the Mexican border could mean even deeper cuts to NDD programs. Congress should provide relief from these caps, as it has done in FY14, FY15, FY16, and FY17. Also, Congress must continue to treat NDD and defense programs with parity. Funding for NDD programs represents only 16% of overall federal spending; these programs cannot continue to be cut.

Authorizing Legislation Needed for Help Preserve Certain Section 202 Communities

Access to Rental Assistance Demonstration for Project Rental Assistance Contracts

- 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 Project Rental Assistance Contracts (PRACs) (there are 2,900 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 funding to assist certain PRAC properties convert under RAD.
- This “RAD for PRAC” expansion was included in the House Appropriations Committee’s FY18 HUD funding bill.

Low Income Housing Tax Credits

The Low Income Housing Tax Credit Program (LIHTC) is a critical housing production program affordable to low and moderate income seniors.

Support legislation to expand and improve the LIHTC program. Senators Maria Cantwell (D-WA) and Orrin Hatch (R-UT) have introduced S. 548, which would expand the LIHTC program by 50% and make many improvements to the bill. Representatives Patrick Tiberi (R-OH) and Richard Neal (D-MA) have introduced H.R. 1661, which would make mostly the same improvements to the LIHTC as the Senate bill. LeadingAge supports these bills, the expansion of the LIHTC program, and these following improvements contained in the bills, in particular:

LeadingAge supports:

- 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;
- Allowing existing tenants to be considered low income for purposes of determining eligible basis if the tenant met the Housing Credit income requirement upon initial occupancy, provided their income does not exceed 120% of AMI; and,
- Establishing a permanent minimum 4% floor for Credits used to finance acquisitions and Housing Bond-financed developments.

In addition to supporting these provisions in the LIHTC bills, LeadingAge also supports:

- Establishing a basis-boost for service-enriched LIHTC housing.

    - Requiring states to evaluate their supply of affordable senior housing, analyze effectiveness of existing preferences in their Low Income Housing Tax Credit program for affordable senior housing, and make changes to these preferences as appropriate to stimulate production.

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 Center for Medicare and Medicaid Services 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.

July 2017

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