



January 27, 2022

The Honorable Rosa DeLauro
Chair
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable David E. Price
Chairman
Subcommittee on Transportation, Housing, and
Urban Development, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Mario Diaz-Balart,
Ranking Member
Subcommittee on Transportation Housing, and
Urban Development, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick Leahy
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Vice Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Brian Schatz
Chair
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Susan Collins
Ranking Member
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chair DeLauro, Ranking Member Granger, Chairman Price, Ranking Member Diaz-Balart, Chairman Leahy, Vice Chairman Shelby, Chair Schatz, and Ranking Member Collins:

I am writing to urge Congress to enact a final fiscal year 2022 HUD appropriations bills as quickly as possible, and to reiterate LeadingAge's priorities for the Department of Housing and Urban Development's FY22 appropriations bill.

Timely and sufficient funding is critical to the more than 1.92 million older adult households served by HUD's programs today and the millions of older adults eligible for affordable housing but who cannot access it because the programs are too small to serve the existing and growing need.

LeadingAge represents more than 5,000 nonprofit aging services providers and other mission-minded organizations that touch millions of lives every day—including nursing homes, assisted living, life plan communities, home and community-based providers, home health, hospice, and affordable senior housing.

Continuing Resolutions

Continuing Resolutions wreak havoc on HUD affordable housing programs.

For existing affordable housing contracts, funding at the previous fiscal year's levels is insufficient to meet current costs. In HUD's Section 202 Supportive Housing for the Elderly and Section 8 Project-Based Rental Assistance programs, Congress must annually increase appropriated funds so the ongoing rental assistance contracts can be paid to support ongoing provision of quality affordable housing. For example, HUD anticipated that FY21 202/PRAC renewal needs would be \$641 million, compared to \$700 million for FY22.

We are very concerned that another Continuing Resolution, past the February 18 expiration of the current Continuing Resolution, could result in insufficient contract renewal resources and, thus, affordable senior housing providers not receiving funding needed to operate their communities. If an additional Continuing Resolution is required, we strongly urge Congress to include anomalies as necessary to ensure HUD-assisted residents are not negatively impacted.

In addition to the real risk of the previous year's funding being insufficient to meet renewal needs, multiple Continuing Resolutions also force HUD to unnecessarily repeat already cumbersome and delay-prone funding disbursement processes, for rental assistance and Service Coordinators grant funding, to housing providers working diligently to provide the highest quality, safest housing. Already, annual Service Coordinator grant processing is delayed on the Calendar Year and is expected to be further hampered by short-term funding measures, where HUD is in a position to process only partial grants and repeat the lengthy process once more funds are appropriated.

Priorities for FY22 Affordable Senior Housing Funding

Section 202 Supportive Housing for the Elderly

Project Rental Assistance Contract Renewals. LeadingAge supports sufficient funds, anticipated to be \$700 million by HUD's FY22 budget request, to continue annual rental assistance to approximately 115,000 households headed by older adults in the 2,740 properties with contracts requiring renewal or amendment through mid-November 2022. We understand that HUD estimated inflation of approximately 4.5%, despite actual inflation rates for the first quarter of 2022 coming in between 6-7%. LeadingAge hopes that increased yet sustained costs incurred during the pandemic are included in this estimate. Greatly increased annualized costs such as insurance premiums, utilities, and staffing costs have contributed to nationwide operating costs increases that we believe will result a sustained need for additional operating funds.

Section 202 Expansion. Expanding the supply of affordable senior housing is LeadingAge's top housing policy priority. We support the level of funding provided by the House's FY22 HUD bill, \$205 million, for new Section 202 capital advances and operating subsidies. These resources could result in more than 2,200 new Section 202 homes. These homes, which serve older adults with average annual incomes of \$14,272, are greatly needed. Today, 17% of Section 202 residents are 80+ and, 49% of Section 202 households are non-white, two characteristics that put Section 202 residents at greater risk from COVID-19. Further, HUD has previously said that 38% of Section 202 residents are frail or near-frail, a figure that has likely only increased as people age in their homes longer.

While the overall number of very low income renters with worst case housing needs increased by a statistically insignificant 0.6% between 2017 and 2019, the number of older adult very low income renter households with worst case needs exploded during the same time frame, increasing by 16%, according to a biannual HUD report to Congress released in October, 2021. Over the 10-year period of 2009 – 2019, worst case needs among older adult very low income renter households increased by 82%, from 1.328 million households to 2.241 million households, the only household type to experience such dramatic gains.¹

Meanwhile, researchers have documented steep increases in homelessness among older adults.² The majority of the older adult population experiencing homelessness have housing and health needs that can be met directly by HUD's Section 202 Supportive Housing for the Elderly program. Today, homelessness among older adults has resulted in the "graying of America's homeless population." With an infusion of new affordable housing funding, the nation can reverse this dangerous trajectory.

Further, The Urban Institute's January 2021 report, *The Future of Headship and Homeownership*, which looks at household formation from 2020 to 2040, found:

- All future net household growth will be nonwhite.
- Almost all (13.8 million out of 16 million) future net household growth will be among older adult households.
- Renter growth will be more than twice the pace of homeowner growth. Of 13.8 million new older adult households, 5.5 million will be renters and 2.8 million of these new older adult renter households will be Black older adult renter households.

To prepare for the surge and renters and demographic changes, Urban recommends the nation increase the supply of affordable rental housing for older adults.³

As demonstrated by these letters on HUD FY22 funding, [House](#) and [Senate](#) members support \$600 million for new Section 202 homes.

Section 8 Project-Based Rental Assistance

Contract Renewals. Project-Based Rental Assistance provides the ongoing operating subsidy for about two-thirds of all Section 202 Supportive Housing for the Elderly housing, in addition to more than 400,000 older adult households in non-Section 202 housing. The full (12-month) and timely renewal of these Project-Based Rental Assistance Contracts is critical to the ability of these providers to provide high-quality housing.

Service Coordinators

New Service Coordinators. LeadingAge supports the House bill's expansion of budget-based Service Coordinators and, indeed, all expansion of Service Coordinators. Only 39% of Section 202 communities with operating subsidy from Project-Based Rental Assistance have a Service Coordinator; only 54% of

¹ <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>

² <https://endhomelessness.org/building-a-conversation-aged-homelessness-on-the-rise/>

³ <https://www.urban.org/research/publication/future-headship-and-homeownership>

Section 202s with Project Rental Assistance Contracts do. Of all Section 202 communities, only 45% have a Service Coordinator today.

Research has found Service Coordinators lower hospital use, increase higher value health care use (e.g. primary care), have success reaching high-risk populations, and result fewer nursing home transfers.⁴

Existing Service Coordinators. Because of significant HUD payment delays in previous years, we also support language in the Senate bill requiring HUD to issue Service Coordinator for existing Service Coordinators to be issued within 120 days of the bill's enactment.

Rental Assistance Demonstration

Funding Support for RAD. LeadingAge strongly supports the RAD improvements included in the Senate's FY22 HUD bill. Specifically, we support providing \$6 million to Section 202 PRAC communities to "support preservation transactions originally developed with a capital advance and assisted by a PRAC." RAD is an incredible housing preservation tool. A \$6 million infusion will help many 202/PRACs achieve all the possibilities of RAD.

Extend RAD to SPRACs. LeadingAge supports the Senate bill's expansion of RAD to include the small (about 1400 units), important, and at risk portfolio supported by Senior Preservation Rental Assistance Contracts.

Support Critical Services and Protect Properties from Subsidy Loss. LeadingAge supports the provision in the Senate bill to exempt properties converting on a budget-neutral basis from Section 202 PRACs and Section 202 SPRACs from initial rent setting provisions of the Section 8 statute in order to continue critical services for older adults and prevent a reduction of project funding. Properties assisted through the Section 202 PRAC and Section 202 SPRAC programs receive funding for the provision and coordination of services within their current contracts. However, initial contract rents under Section 8 are subject to a Fair Market Rent (FMR) cap designed for contracts that only support shelter costs and do not anticipate the cost of these critical services. As properties from these programs convert at budget-neutral levels, enactment of this provision would allow HUD to exempt such conversion from the FMR cap to ensure that the conversion does not put at risk the ongoing provision and coordination of services or result in a reduction in project subsidy.

Beyond the Section 202, Section 8 Project-Based Rental Assistance, and Rental Assistance Demonstration programs, every HUD housing program helps older adults. We support strong funding for every HUD affordable housing program.

Thank you for considering our views.

Sincerely,

Linda Couch
VP, Housing Policy

⁴ http://www.ltsscenter.org/reports/Financing_Services_in_Affordable_Senior_Housing_FULL_REPORT.pdf