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presented to the
Housing, Transportation, and Community Development Subcommittee of
The Committee on Banking, Housing, and Urban Affairs
United States Senate
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Chairman Menendez, Ranking Member Vitter, and Members of the Subcommittee, thank you for the opportunity to testify today on "Modernizing Affordable Housing for Seniors and People with Disabilities."

I am Sheila Crowley, President of the National Low Income Housing Coalition; our members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

The National Low Income Housing Coalition strongly supports the Section 202 and Section 811 programs, and the two bills under consideration today: S. 118 and S. 1481. We urge swift action on both bills.

Housing Needs

One of NLIHC's most important functions is to analyze national datasets to better understand the housing circumstances of low income people in the United States and make the findings available to the public and policy makers. In our most well known research report, *Out of Reach*, we examine what rental housing costs and what low income people earn, and document the degree to which low income people cannot compete in the private rental market in every jurisdiction in the country.

For example, *Out of Reach 2009* tells us that in Hudson County, NJ, where 69% of the households are renters, to be able to afford to rent a modest two bedroom home, a household must earn $42,760 a year. In East Baton Rouge Parish, LA, with 38% of households renting, household income must be at least $31,520 a year to afford a two bedroom home at the fair market rent. Although it may seem that Louisiana is more affordable than New Jersey, the mean hourly wage of renters in Hudson County is $26.80, while the mean hourly wage for renters in East Baton Rouge is just $11.76. There is nowhere in the entire country where a full time worker earning the prevailing minimum wage can afford the rent on a one-bedroom rental home using the standard of spending no more than 30% of household income on housing.[1]

Low wage workers may have a tough time affording the most basic home, but elderly and disabled people who depend on SSI for income have it much worse. The fair market rent in Hudson County, NJ for an efficiency unit is $989 a month. Thirty percent of monthly SSI income in NJ is $212. An SSI recipient in Louisiana can afford $202 a month for housing; yet the fair market rent for an efficiency in East Baton Rouge Parish is $627 a month.[2] While some SSI recipients have additional income, it is an income program of last resort and benefit levels go down as income goes up.

According to the Social Security Administration, there were 6,366,000 adults receiving SSI as of the end of 2008: 4,333,000 were blind or disabled adults between ages 18 and 64, 1,203,000 were adults 65 of years or older, and 830,000 were blind or disabled and 65 years of age or older.[3] SSI recipients are among the very poorest people in our country, and in the absence of housing assistance in some form, cannot afford to live in any community.

These are precisely the people who the 202 and 811 programs can best serve. There are approximately 300,000 units of Section 202 housing, but just one third have rent assistance attached to them,[4] and thus are affordable for SSI recipients and other very poor elders. The approximately 30,000 units of Section 811 housing do have rent assistance attached and another 14,000 vouchers are part of the Section 811 program.

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[1] Wardrip, K., Pelletiere, D. & Crowley, S. (2009, April). *Out of Reach 2009*. Washington, DC: National Low Income Housing Coalition.
[2] Ibid.
[3] Social Security Administration, *2009 Annual Report of the SSI Program*, http://www.ssa.gov/OACT/ssir/SSI09/toc.html.
[4] HUD, Office of Inspector General. (2008, October). *HUD Management and Performance Challenges.* http://www.hud.gov/offices/cfo/reports/section4.pdf.
[5] Perl, L. (2008, September). *Section 202 and Other HUD Rental Housing Programs for Low Income Elderly Residents*. Washington, DC: Congressional Research Service. http://aging.senate.gov/crs/aging17.pdf.

Many adult SSI recipients receive other forms of federal housing assistance. In 2005, 277,000 units of public and Section 8 project-based housing were reserved for people 62 years of age and older.[5] Nearly two-thirds of HUD's 1.1 million public housing units house senior citizens or people with disabilities. Three quarters of the 1.3 million units of Section 8 project-based housing are headed by an elderly or disabled person. A third of the voucher program's 2 million households are senior citizens or people with disabilities. Nonetheless, demand far exceeds supply.

When we examine data on housing cost burdens by age and income, we learn that a significant number of low income elderly people have serious housing problems. There are 26,600,000 households with one or more members 65 years of age or older, who make up 23% of all households in the U.S. Sixteen percent of senior households are extremely low income, with incomes of 30% of area median or less. Almost three quarters (74%) of extremely low income senior households pay more than 30% of their income for their homes; 51% (2,100,000 households) spend more than half of their income.[6] When a poor elderly person has to spend more than half of her income on her home, it means she goes without, scrimping on food, medicine, heat, and other basic needs. These are the elderly people who are most at risk of homelessness. Living hand to mouth hastens the day when an elderly person can no longer live on her own and require expensive institutional care. Providing housing assistance extends the time that an elderly person can live on her own, and is more cost effective than nursing homes.

The housing needs of elderly people today are readily apparent. The elderly population is only going to grow for the next two decades as the baby boomers reach 65. There will be more elderly people and they will make up a percentage of the population. With the demise of defined benefits pension programs and the loss of retirement savings in the current recession, elderly people in the future will likely have less income that elderly people today. We need to invest in housing choices for this population now.

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[6] NLIHC tabulations of 2007 American Community Survey.

How S. 118, the "Section 202 Supportive Housing for the Elderly Act of 2009" Will Help

S. 118 will help more Section 202 units come on line more quickly, by ensuring that total development cost limitations supported by HUD would now be "reasonable," reducing some of the time-consuming elements of the development process. The provision that Section 202 sponsors could establish a preference for homeless seniors improves access to affordable housing for elderly people who are most in need.

The bill will also preserve existing Section 202 properties through refinancing of their Section 8 loans and investment of savings into rehabilitation, supportive services, reconfiguration of obsolete unit types, and other needs. Owners will have sufficient resources to repair, rehabilitate and modernize their units. Moreover, when a refinancing does occur, the property's affordability period is extended for 20 years past the original mortgage maturity date, assuring that these units remain affordable and available to very low income seniors for another generation.

The bill prohibits the HUD Secretary from accepting any refinancing or prepayment plan by a Section 202 sponsor if tenants have not been notified of the owner's request for approval of prepayment. Tenants should be given the opportunity to comment on the prepayment and any anticipated rehabilitation, and the owner should be required to take such comments into consideration. These provisions will be central to the successful preservation of existing homes, and will be further improved by including timelines for such participation.

The bill includes several improvements that will support Section 202 residents aging in place. Section 202 properties will be more likely to have service coordinators. For new Section 202 properties, HUD would encourage the inclusion of service coordinators in each property by adding the extent to which the Section 202 sponsor ensures there will be a service coordinator for the property as a new funding selection criterion. The bill will also allow Section 202 sponsors to build the cost of service coordinators into their Project Rental Assistance Contracts, stabilizing funding for these key staff members.

The presence of service coordinators increases the time that frail and vulnerable older people can remain in their homes and prevents premature transition into more costly settings, such as nursing homes.   A recent HUD study of service coordinators reports: "The average length of occupancy was six months longer among residents of properties with HUD-funded service coordination compared with residents of similar development without service coordinators. By forestalling or preventing unnecessary institutionalization, service coordinator programs help to promote independent living, improve residents' quality of life, and ultimately save taxpayers' dollars." [7]

The bill amends HUD's Assisted Living Conversion Program (ALCP) so that more residents would have access to assisted living services. Very low income people, like Section 202 residents, cannot afford the cost of assisted living facilities. HUD's ALCP program provides grants to certain developments to convert some of their units to licensed assisted living units. Under the current program, each grantee's ALCP specific designated units must be licensed by the state's licensure board as meeting its assisted living standards, a cumbersome process. The bill allows ALCP grantees to provide assisted living services within a given property, thus greatly expand the numbers of residents that could participate in such services and the types of services provided within the property. Under the provisions of S. 118, residents can chose to participate in these services as they wish and as their needs change over time. This provision will give residents more choices of services like medication management, home-based health care, and personal care.

The bill also includes a National Senior Housing Clearinghouse. The Clearinghouse will be a national repository to collect, process, assemble, and disseminate information regarding the availability of multifamily developments for elderly tenants. HUD is also directed to establish a toll-free number to provide the public with information on the availability of affordable senior housing. The Clearinghouse would greatly assist potential residents and their families in their search for affordable housing.

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[7] HUD, Office of Policy Development and Research. (2008, December). *Multifamily Property Managers' Satisfaction with Service Coordination.*

How S. 1481, the "Frank Melville Supportive Housing Investment Act of 2009" Will Help

S. 1481 will authorize the new Project Rental Assistance Competitive Demonstration, which will facilitate mixed income housing by providing project based rental assistance alone, without capital grants. Developers will combine rental assistance with other capital sources, including the new National Housing Trust Fund. This demonstration will increase the number of 811 units available to residents in mixed income, multi-family developments. Poor people with disabilities will have much greater choice in the kind of housing in which they can live.

The bill will modify the Capital Advance Program by requiring that units for people with disabilities are limited to 25% of total units in a property, increasing opportunities for residents to live in integrated settings. Tenant protections will also be increased as owners would be required to develop written tenant selection procedures and eligibility cannot be narrowed to a specific type of disability.

By transferring mainstream tenant based vouchers to the Section 8 program, HUD will be required to reissue all vouchers resulting in a higher number of vouchers available to eligible residents.

What Else Needs to Be Done

Enactment of S. 1481 and S. 118 are important steps for Congress to take as soon as possible. We also urge preservation of other HUD assisted housing, which are home to many people with disabilities and senior citizens. We urge the Committee to support and enact policies that will help preserve and improve both the severely distressed and non-severely distressed public housing, as well as the project-based affordable housing stock.

We sincerely hope the committee will soon take up Section 8 Voucher Reform legislation. Significant work has been undertaken by a wide range of stakeholders to also "modernize" the voucher program. With the reforms SEVRA promises, existing voucher resources will be used more effectively and efficiently to serve more people who languish on waiting lists for years.

Finally, we ask the Committee to move quickly on funding for the National Housing Trust Fund. Senator Jack Reed has proposed to direct $1 billion from the sale of warrants on TARP funds to the initial capitalization of the NHTF. We thank Senator Menendez and others who have cosponsored S. 1731.

With $1 billion, we estimate that 10,000 rental units will be produced or preserved. At least 75% of NHTF units must be affordable to extremely low income people and all must be affordable for very low income people (incomes at 50% of area median or less). We expect many NHTF units will become home to extremely low income elderly people and people with disabilities.

Congress has made important strides this year in low income housing policy. Enactment of the Hearth Act and the Protecting Tenants in Foreclosure Act will have far reaching benefits for many needy Americans. The funds provided in the American Recovery and Reinvestment Act to prevent homelessness, to jumpstart the Low Income Housing Tax Credit, and to make capital investments in public and assisted housing are being put to good use.

The first year of the 111Th Congress will be historic for low income housing policy if these accomplishments are accompanied by S. 1481, S. 118, SEVRA, and funding for the National Housing Trust Fund.

Thank you for your consideration of my testimony.