

**WRITTEN STATEMENT OF
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**



**BEFORE THE
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
UNITED STATES SENATE**

JUNE 16, 2005

Chairman Shelby, Ranking Member Sarbanes, distinguished members of the Committee:

Thank you for inviting the Department to testify on the “Meeting the Housing and Service Needs of Seniors Act of 2005,” legislation intended to better coordinate housing programs and related services so that senior citizens can age in place and access needed services.

I commend the Ranking Member for bringing this matter to the attention of the Committee.

The Committee has asked the Department to discuss the changing senior population and its housing needs. This includes the ability of seniors to access programs and services that will allow them to age in place; the federal role in better preparing to meet the needs of seniors, particularly as it relates to our partnerships with state and local governments and the private sector; and how an Interagency Council on Meeting the Housing and Service Needs of Seniors could assist and coordinate these efforts.

The Changing Senior Population and Its Housing Characteristics

The senior population – those aged 65 and over – continues to grow. In the last decade, the elderly population has increased 10 percent. That is an impressive figure considering that those turning 65 in the last 10 years were born in the 1930s, and are the children of the Great Depression, which was a “baby bust” generation.

The fact that the elderly population is growing at such a steady rate reflects both immigration and advances in the nation’s extraordinary health care system. We can be sure that the growth will accelerate. Over the next five years, we will have the children of the World War II generation turning 65, followed by the Baby Boom generation. With that on the horizon, we have every reason to believe that the number of seniors will double by the year 2030. By then, the Census Bureau estimates that 20 percent of Americans will be older than retirement age.

The elderly population is geographically and culturally diverse, and this will present additional challenges in the coming years. For instance, in many minority communities, the culture is to have the grandparents live out a life of a dignity not in an institution, but rather surrounded by family and friends at home. With the rapid growth in the nation’s ethnic and minority communities, these dynamics will become more profound in the future.

Clearly, this nation will need to address the issue of senior housing from a different perspective than we have in the past.

How HUD Programs Support the Senior Population

As the Committee knows, HUD has a long history of providing housing and delivering related services to one of the nation's most vulnerable populations: the low- and very-low income elderly. The overall aging of the population and the corresponding need for elderly housing has prompted the Department to make changes in a number of our programs to meet this growing demand.

Specifically, the Section 202 program provides an important resource to address the housing needs of the elderly. Along with Low-Income Housing Tax Credits, the HOME program, and Section 8/PRAC Assistance, the Section 202 program contributes significant funding toward providing affordable housing units, many with supportive services. The elderly are well served by HUD programs with representation that is, in general, proportionally higher than the elderly share of total eligible households. The Department has forged successful partnerships with states, localities, and other interested parties to provide additional resources to these projects. More than 375,000 units have been funded since the inception of the Section 202 program, which was established by the Housing Act of 1959.

The program has undergone at least two significant changes since its inception. It began as a low-interest rate loan program without rental subsidy in 1959. In 1974, it became a loan program with project-based Section 8 rental assistance. Finally, in 1991, Section 202 became a capital advance program with project rental assistance, and it remains so to this day. Under the current program, the capital advance is provided without interest and does not have to be paid back as long as the housing remains available for the intended population for 40 years. Projects developed under the current program provide supportive services dependent on the needs of the residents.

More than 6,000 new units have been funded under the Section 202 program annually. These housing units are sponsored by non-profit organizations, many of which are faith-based. These organizations have a history of serving the elderly and are committed to meeting the needs of this very vulnerable population for the 40-year term of the project and beyond.

To make it easier to develop these projects, the Department has initiated grants to cover certain predevelopment costs that are incurred when constructing a Section 202 project. In the past, we found that many project sponsors have spent valuable time to cover these costs after they obtain a Section 202 commitment from the Department.

The Administration is dedicated to the ongoing viability of the Section 202 program. We are committed to working with Congress, with the non-profit organizations that sponsor these important projects, and with the elderly persons who are eligible to reside within them.

The Department has experienced an increase in requests to use our multifamily mortgage insurance programs for elderly only housing. In addressing this need, the

Department amended the MAP guide to include the Section 231 program; this should enable the Department to process Section 231 applications in about half the time it currently takes.

Aging in Place

HUD's commitment to the Section 202 program goes beyond building housing for the elderly; we also want to ensure that they have the services they need in order to live comfortably. For that reason, the Department continues to encourage and fund assisted-living conversion and service coordinator grants to assist existing projects. These programs recognize that residents in our facilities are "aging in place," a concept that HUD supports by encouraging independent living, and helping individuals stay in their homes – keeping them in their communities and close to family and friends.

This is exactly what seniors tell us they want; 95 percent of those over the age of 75 say they want to live independently as long as possible.

The Department has implemented the Assisted Living Conversion Program for five years. Under it, HUD provides the funds to convert existing affordable housing units into affordable assisted-living units. HUD requires the sponsor to provide evidence that they have commitments from other sources to fund the services required by residents. We believe that this is the only national program dedicated to the development of assisted-living facilities for very low-income households. The program has successfully produced over 2,100 units; based on our experience, however, we believe many more units could have been developed if the federal response had been better coordinated.

The Department commitment to providing the service component that is unique to senior housing is demonstrated by our continued support of the Service Coordinator program. It is so important to us that we have an indicator in our Annual Performance Plan to assess HUD's ability to increase by ten percent the number of elderly households living in private assisted-housing developments served by a service coordinator. The Department continues to be committed to renewing expiring Section 8 contracts and Project Rental Assistance Contracts. We understand this is a critical component in providing affordable housing to the elderly, and we attempt to ensure the timeliness of the payments.

Another example of interagency coordination is our collaboration with the DHHS on the implementation of the new Medicare prescription drug coverage. We are joining forces with DHHS in educating people with Medicare -- America's seniors and people with disabilities -- that they are all eligible for this new prescription drug coverage and that there is extra help for those **with low income**. To accomplish this, DHUD will train our Rental Housing Integrity Improvement Program (RHIIP) help desk officers so they can include this new coverage in their work with the senior citizens residing in low-income housing. We will work collaboratively and leverage our resources to insure that we educate America's seniors on this new benefit.

This Administration has recognized the importance of addressing both the housing and servicing needs of the elderly, and has made these issues a priority. The Department agrees with the Committee that seniors require a wide array of housing options with access to services, including meals, transportation, health care, and assistance in daily activities. We also agree there are numerous federal programs that assist seniors and their families in meeting these needs, and that these programs originate in many governmental agencies on the federal, state and local levels.

Federal Partnerships Assist in Meeting Seniors' Needs

The Department has made efforts to coordinate to the greatest extent possible with other agencies on its programs. But there can always be improved communication and coordination among all the stakeholders to ensure that seniors have access to decent, safe, and sanitary housing and can obtain the necessary supportive services.

Examining the Legislation Before the Committee to Create an Interagency Council, and How It Will Help to Meet the Housing and Service Needs of Seniors

It is our understanding that the legislation proposes an Interagency Council similar in structure to the congressionally mandated Interagency Council on Homelessness. The Department is a member of the Interagency Council on Homelessness, and we have found it to be an invaluable tool in promoting a more cost-effective federal response to homelessness. The proposed legislation is of significant interest to the Department. If we are indeed able to inspire effective cooperation among those federal agencies that address the housing needs of seniors, the effort may yield long-term care savings that could pay for home-based alternatives. Such responses could, however, create demand for or increased spending in other programs. The comprehensive nature of inter-agency work on these issues should allow for consideration of all such issues.

We believe the legislation before you today puts forth some good ideas. Thus, the Administration supports the concept of creating an Interagency Council to coordinate the federal government's efforts to address the unique needs of this continually evolving population. There are some technical aspects the Administration would like to work with Congress to address. We question whether it is necessary to exempt council staff from civil service provisions.

In summary, the Administration and the Department are committed to working with Congress and our industry partners to address the growing need for affordable elderly housing and the necessary supportive services. The proposed legislation will provide an opportunity for us to work with other governmental agencies and stakeholders, and coordinate on a more comprehensive basis the resources required to address this growing need.