

*LeadingAge*TM New York

Joint Legislative Public Hearing on Housing

Tues., Feb. 4, 2014

Submitted to:

**Senate Standing Committee on Finance
John A. DeFrancisco, Chair**

**Assembly Standing Committee on Ways and Means
Herman D. Farrell, Chair**

**Hearing Room B
Legislative Office Building
Albany, New York**

Introduction

My name is James W. Clyne, Jr., and I am the president and CEO of LeadingAge New York. Thank you for the opportunity to offer testimony on the housing aspects of the State Fiscal Year (SFY) 2014-15 Executive Budget.

My testimony will focus on the need to make funding available for affordable senior housing and supportive services in New York State through several initiatives included in the budget, including: the *House NY* program, the *Low Income Housing Credit* program, the *Mitchell-Lama Rehabilitation Program*, the *Medicaid Redesign Team (MRT) supportive housing funding* and the *Pay for Success* initiative. I will also describe the demographic imperative to provide funding for development, property rehabilitation and support services in senior housing as our state braces for the wave of seniors that will be in need of affordable and service-rich senior housing.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven and public continuing care including home and community-based services, adult day health care, nursing homes, senior housing, continuing care retirement communities, adult care facilities, assisted living programs and Managed Long Term Care (MLTC) plans. LeadingAge NY's 600-plus members serve an estimated 500,000 New Yorkers of all ages annually. This broad representation gives LeadingAge NY a unique understanding of the potential impact of the 2014-15 Executive Budget on the entire system of services for seniors and people with disabilities.

Background on Affordable Senior Housing

Multifamily senior housing provides an affordable, flexible and socially active congregate living arrangement. It is unique in its ability to promote independence, preserve dignity and offer service choices for seniors in a cost-effective environment. Multifamily senior housing offers

quality, affordable living arrangements to low-income seniors, taking advantage of economies of scale in the delivery of services funded by scarce federal and state resources. In addition, it provides an ideal platform for MLTC plans and home care providers to cost-effectively deliver home health services such as assistance with bathing, dressing and medication administration; as well as community senior services including home-delivered meals, adult day care, senior centers and homemaker services. The availability of these services enables seniors to remain in independent housing for as long as possible and to delay or obviate the need for Medicaid-funded care in a health facility such as assisted living or a nursing home.

Besides providing safe, affordable housing for the state's seniors, construction and preservation of affordable senior housing will create thousands of jobs for New Yorkers and advance efforts to reform the state's Medicaid program. A primary focus of the MRT in the area of long term care services has been to create a system that can efficiently meet the needs of seniors and the disabled in the community rather than in institutional settings; this is beneficial to both the consumer and the state. This new vision of Medicaid can only be realized if seniors have a stable home environment – such as congregate senior housing – within which to receive supportive services.

Affordable senior housing is exactly the type of infrastructure that lends itself to a public-private partnership. The U.S. Department of Housing and Urban Development (HUD) Section 202 program and the various tax credit programs have financed the construction of thousands of affordable housing units over the years through partnerships between not-for-profit housing operators, developers and local governments. However, more senior housing is needed in many areas of the state, and yet the federal government is significantly reducing its level of support for development and maintenance of this essential resource.

More specifically, for the first time since the early 1970s, Congress did not fund the HUD 202 program for elderly housing development for the past two years. This is despite the fact that New York State has seniors residing in nursing homes, hospitals and adult care facilities who

could return to the community if there was safe affordable housing for them. While HUD has funding for senior housing construction in this year's federal budget, the amount is dramatically reduced and will likely require a primary and secondary source of state funding, including the Low-Income Housing Tax Credit (LIHTC) program and "gap" financing such as HOME, CDBG, Access to Home and the Weatherization program.

Besides the HUD 202 program, primary federal funding sources for multifamily senior housing include Section 202 Project Rental Assistance Contracts, Section 236 and the federal LIHTC program administered by New York State Homes and Community Renewal (HCR), the Internal Revenue Service and HUD Section 8 rental assistance vouchers. Yet a senior housing development rarely can fully finance through one state or federal program due to the inadequacy of capital funding from a single program source.

Since primary financing does not meet all development costs including site, architect, planning and pre-development, sponsors must apply for secondary state financing to complete the project through funding from the HOME and Community Development Block Grant programs. Oftentimes, senior housing projects in areas of greater need are not completed due to the unavailability of this additional financing that developers need to complete construction, especially when seeking to incorporate building features that allow seniors to age-in-place.

Last month Christopher Community in Syracuse held a ribbon-cutting ceremony for Tecumseh Road Senior Apartments, a beautiful 37 apartment Section 202 community that has state-of-the-art energy-efficient heating, building features and design for assisting residents to age-in-place, and service coordination to assist residents in accessing community resources. Unfortunately, due to the federal government defunding the HUD 202 program, Tecumseh Road may be the last senior housing project developed in New York State that acquired a majority of the funding for construction and an ongoing rental subsidy for all apartments through the federal government. New York State must commit a dedicated source of state funding, including primary financing, if similar affordable senior housing will be developed in the future.

LeadingAge NY Report: “Senior Housing in New York State”

New York State faces a significant growing gap between the supply of safe and affordable senior housing as well as health care and other support services, and the growing demands due to the steep growth in the number of senior citizens who are in need of these supports.

LeadingAge NY’s report, “Senior Housing in New York State,” details the growing need for a well-defined senior housing policy, stronger health care for seniors and the disproportionate impact that future trends will have on women. The report was prepared for HUD and Enterprise Community Partners and is posted on LeadingAge NY’s Web site at:

<http://www.leadingageny.org/publications/reports/senior-housing-in-new-york-state/>

According to the report, one in five New York State residents will be 65 or older within the next 30 years, while the 85-plus age group will grow by almost 50 percent. Disability, cognitive impairment and chronic disease all increase with age; these seniors will need safe places to live and quality health care at affordable prices. This isn’t an issue we can take care of at the last minute – New York needs to be planning for it now.

Other key findings of the LeadingAge NY report include the following:

- Nationwide and in New York State, nearly 30% of all non-institutionalized older adults in 2010 lived alone. This group represents a potentially vulnerable population since those living alone are more likely to get sick without anyone to care for them. Long Island has the lowest percentage (23.1%) while Buffalo has the highest (34.1%). Living alone is more common in older women than in older men (37.3% vs. 19.1%) and the proportion increases with advanced age.

- Senior housing providers in New York State have developed creative housing with services models that should be replicated and funded. These include: technology-enabled senior housing that allows older adults to participate in socialization activities; partnerships between housing providers and community organizations that enhance opportunities for seniors to engage in wellness activities; and co-location of MLTC providers and subsidized senior housing that allow chronically ill older adults to safely age-in-place.

The report concludes with important findings for policymakers to consider in the context of the state's affordable housing policy:

1. There is already an unmet need in many areas of New York for subsidized senior housing with support services and upgraded building features, and important gaps in the availability of service coordination and support services.
2. Federal funding for new subsidized housing development is waning, and other funding programs leave gaps and add complexity.
3. Aging-in-place programs and partnerships can help to address shortages of subsidized senior housing and are inherently cost-effective. However, the state's proposed investment in supportive housing is focused on costly Medicaid recipients, rather than on an aging-in-place model for seniors.
4. New York's Medicaid redesign initiatives will fundamentally change how services are delivered and paid for in New York, and that in turn will affect senior housing residents.
5. Federal regulations, funding and programs are promoting senior housing as a platform for delivering supportive and health care services.
6. Senior housing operators in New York State and around the country have developed creative housing with services models that should be studied and possibly replicated.

As the report's conclusions suggest, senior housing is a critical component in the development of living arrangements that blend social supports, wellness programs and health care services in a way that enhances resident quality of life and promotes independence. It is time that we work together to promote affordable senior housing in New York State, and with Gov. Cuomo's proposals relating to housing programs as a foundation, we can ensure that aging individuals remain in their communities and out of costly institutions.

Developing and Preserving Affordable Senior Housing with Services

The Executive Budget includes several proposals for housing programs that offer opportunities to advance the development of affordable senior housing with supportive services. Included in these proposals are the *House NY* program, the *Low Income Housing Credit* program, the *Mitchell-Lama rehabilitation Program*, the Medicaid Redesign Team (MRT) supportive housing funding and the *Pay for Success* initiative.

While there is significant funding for affordable housing in the state budget, there must be funding dedicated for senior housing that would: (1) preserve and update existing affordable senior housing properties; (2) provide gap funding for new senior housing "pipeline" construction to include supportive housing building features; and (3) infuse supportive services into affordable senior housing. This state investment would leverage federal dollars and result in future state savings, while promoting economic development and adherence to the tenets of the *Olmstead* decision.

We encourage the Legislature to promote developing and preserving affordable senior housing by:

- Supporting the *House NY* program initiated in 2013-14 that invests \$1 billion of additional resources over five years to preserve and create 14,300 affordable housing

units statewide, and the additional \$10 million in new capital resources proposed for construction and renovation of affordable housing for low income individuals and families, as well as an additional \$30 million in ODTA capital to develop housing for formerly homeless persons;

- Expanding the *Low Income Housing Credit*, by allocating an additional \$8 million in 2014-15, and an additional \$16 million in 2015-16;
- Supporting the budget proposal that increases funding to MRT supportive housing initiatives by \$18.4 million, bringing the total allocation to \$100 million in 2014-15 and \$160 million in 2015-16. Included is funding generated from Medicaid savings (\$6.6 million state share) associated with the closure of three nursing homes and four hospitals, and the decertification of nursing homes and hospital beds effective April 1, 2014. Ensure senior housing will be included into a funding programs of the MRT supportive housing;
- Supporting the increase of \$12 million, for a total of \$44.2 million, for the *NYS Low Income Housing Trust Fund*;
- Encouraging that a supportive service package, including funding a service coordinator, is included in the development of new senior housing communities;
- Exploring ways to support the development of support services in senior housing facilities through the *Pay for Success* proposal;
- Promoting local and state land donations to help reduce the cost of affordable senior multifamily development by creating a statewide program for this initiative. Acquiring land for senior housing development, especially in the great New York City metropolitan area, is one of the greatest hurdle to affordable senior housing production;

- Adequately funding the *Access to Home* program to allow seniors living in low-income congregate housing to remain in their homes by adding universal design features; and
- Supporting at least level-funding of *Naturally Occurring Retirement Communities (NORCs)* and *Neighborhood NORCs* (\$2,027,000 each) and the *Public Housing Modernization Program* (\$6.4 million).

Conclusion

LeadingAge NY members are committed to providing safe, affordable homes with high-quality supportive services to their residents. LeadingAge NY encourages the state to embark on a bold initiative to expand the development and preservation of affordable senior housing and the availability of supportive services to meet the current and growing needs of New York's seniors.

The process of developing and upgrading senior housing can take several years to complete. Building senior communities that will meet the state's needs for affordable and market-driven housing in the next decade begins with approving funding now for existing programs and making legislative changes to develop innovative housing models. These investments will prove to be cost-effective in the long run by supporting Medicaid redesign efforts, and will allow seniors with fixed incomes to live independently for as long as possible in their own homes.

Thank you for the opportunity to provide testimony. LeadingAge NY and its member organizations stand ready to work with the Legislature and Administration to improve access to safe, affordable senior housing with supportive services.