



## Testimony on the 2017-18 Executive Budget Proposal -- Housing

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## Introduction

On behalf of the membership of LeadingAge New York, thank you for the opportunity to testify on the housing aspects of the 2017-18 Executive Budget proposal. LeadingAge NY represents not-for-profit providers of independent housing, assisted living, nursing homes, hospice programs, home and community based services, continuing care retirement communities and provider-sponsored managed long term care plans. Our members are working to offer innovative housing plus services models that allow seniors to age-in-place, but they need the State to work in partnership with them to help encourage development and begin meeting the growing unmet need for affordable senior housing.

The Governor's Budget once again proposes ambitious investments in affordable housing. We are pleased that the budget includes \$125 million in capital funds for senior housing.

Unfortunately, the Executive Budget does not propose to create a new capital program through which funds will be administered. While New York State has financed a great deal of senior housing over the years, priorities have shifted recently. Now, affordable units designated for seniors are frequently mixed with units designed for other special needs populations. While this may be expedient, it is not always the best strategy to meet the needs of elderly New Yorkers. With the aging population increasing by the day, there is tremendous need for an **Affordable Senior Housing and Services Program** that includes services specifically designed to help seniors remain independent for as long as possible.

## Background

We have known for years that the Baby Boom generation would one day reach retirement age and become eligible for Social Security and Medicare. That time is no longer off in the distance – it is upon us. Each day, approximately 10,000 baby boomers, the 78 million Americans born between 1946 and 1964, turn age 65. Now we know a lot more about this population shift than before. And we are not fully prepared for these changes in a number of areas, most notably in housing. It is critical that public policy at both the federal and state level catch up with these demographic changes rapidly by instituting a set of policy recommendations that recognize that our population is aging. Our colleagues at AARP have called for creating "Age Friendly Communities." We encourage you to consider such policies here in New York, and specifically through the 2017-18 budget.

In May of last year, the Bipartisan Policy Center (BPC), a Washington DC-based think tank, issued a report called *Healthy Aging Begins at Home*. The report makes dozens of recommendations that would address the challenges created by our rapidly aging population and move us closer to an Age Friendly nation and state.<sup>1</sup> We encourage you review the report's full recommendations. I'll briefly summarize some of the findings and recommendations as they relate to housing.

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<sup>1</sup> The full BPC report is posted at: <http://bipartisanpolicy.org/library/recommendations-for-healthy-aging/>.

According to the BPC report, our nation's **housing supply** is not at all ready for the tremendous growth of the elder population. The scarcity of affordable rental housing is compounded by more and more seniors entering the rental market after years of homeownership. In 2013, there were 11.2 million extremely low-income renters competing for 4.3 million affordable units. Of the 11.2 million, 2.6 million were elderly householders with no children. While this is a national statistic, this problem is especially acute in a state like New York, where our urban communities are made up of so many multi-family properties. We at LeadingAge NY agree that we can only address this gap through a significant expansion of the supply of affordable rental housing dedicated to seniors.

### **HUD Section 202 Has Been Discontinued**

As you probably know, most affordable senior housing in New York and around the country over the last 40 years has been developed through HUD's Section 202 Housing for the Elderly program. You have probably all been to the "202" buildings in your districts and may have friends or relatives who live there currently, or have spent their retirement years there. Considered one of the most successful federal housing programs ever created, the HUD 202 program was discontinued in 2011 as a source of new capital advances. The program continues to provide rental assistance to existing properties, but is no longer an option for the many not-for-profit organizations that are struggling to keep up with increasing demands in their communities and your districts.

LeadingAge NY and other LeadingAge state affiliates around the country continue our collective efforts at the federal level to re-establish the 202 program or an alternative. But in the meantime, we are turning to state governments to help fill this need at this critical time.

### **Integrating Health Care and Supportive Services with Senior Housing**

The BPC report devotes an entire chapter to the need to integrate housing and health care. You have likely heard the phrase "Housing is Health Care," in the context of supportive housing for many years. This couldn't possibly be more true with regard to our elderly population. While New York State has made tremendous strides on linking housing and health and wellness related supportive services for various special needs populations, there is currently no such program for non-homeless, non-disabled seniors.

### **"Aging in Place" is not the Same as "Aging with Options"**

"Aging in Place" is a phrase that describes people continuing to live in communities of their choices, as opposed to moving to an institutional setting as they get older. This sounds great. But as you know from your experiences with your constituents, "aging in place" is not always an ideal outcome. Aging in a fifth floor walkup in Brooklyn, or in a deteriorated mobile home outside of Jamestown, or in a huge home in Utica where you raised your children but you no longer need or can afford, is not the best thing for seniors as they age. Regardless of income or available resources, New Yorkers deserve better than to be stuck in a home that was once suitable, but is

no longer safe or appropriate for them. The BPC report calls for creating policies that allow to not just aging in place, but **Aging with Options**. We agree, and suggest ways that we can move in this direction here in New York.

### Recommendations

LeadingAge NY is part of a coalition of groups that have encouraged creation of an **Affordable Senior Housing with Services** program. Services for non-homeless, non-disabled seniors are different from the services provided to people with more acute health needs. Such services are significantly less expensive. And like in supportive housing, senior housing-based supportive services save money.

As I said earlier, we encourage your support for the proposed investment of \$125 million over five years for senior housing capital. We ask that you also support allocating these funds through a newly-created program that provides such capital only when linked to meaningful services; namely, cost-effective services designed to keep seniors connected to their local health care systems and to help reduce unnecessary health care spending.

Our coalition has called for the creation of the **Senior Housing Resident Service Coordinator** program, and the addition of \$10 million to fund service coordinators in 140 senior housing properties around the State. We have proposed that grants of about \$70,000 per property be made available to congregate senior housing operators to work with elders, and that those coordinators specifically focus on linking residents to the services they need to remain healthy in their communities. As you know, the state bears much of the cost of Medicaid-funded nursing homes, which can be \$30,000 to upwards of \$50,000 per year in State expenditures. If a service coordinator can keep two people out of a nursing home for one year, the savings covers the cost of the grant. If a coordinator services a building with 70-100 people, and emphasizes health education, wellness programming, more effective use of primary care, reduces use of emergency departments, and better management of chronic health conditions, the savings potential is enormous.

### Conclusion

New York State has a long and proud history of looking out for its seniors. New York State Homes and Community Renewal has created thousands of units of senior housing over the years. But we are now at a critical juncture. Our population is aging rapidly, and our affordable housing infrastructure is not ready for what is coming. We urge you to ensure that the final 2017-18 State budget includes the capital resources proposed for senior housing, as well as a program structure for development of this capacity and the supportive services needed to make that housing successful.

Thank you for the opportunity to offer testimony. LeadingAge NY and its members look forward to working with State lawmakers to expand our State's capacity to serve aging New Yorkers.