



LeadingAge New York

Joint Legislative Public Hearing
on Housing

Tues., Feb. 5, 2013

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) 2013-14 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 the proposed *House NY* program, Medicaid Redesign Team (MRT) supportive housing funding and the proposed *Pay for Success* initiative. I will also describe an exciting new initiative proposed by LeadingAge NY – the New York State Supportive Senior Housing Services Program – which would provide a solid foundation for the state’s senior housing policy.

Founded in 1961, LeadingAge NY is the only statewide organization representing the entire continuum of not-for-profit, mission-driven and public long term care and senior services 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 plans. LeadingAge NY’s 600+ members serve an estimated 500,000 New Yorkers of all ages annually. This broad representation gives LeadingAge NY a unique understanding of the potential impacts the SFY 2013-14 Executive Budget proposals will have on the entire system of services for seniors and disabled people of all ages.

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 to cost-effectively deliver home health services such as assistance with bathing, dressing and medication administration as well as community senior services such as 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 in 2012. 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. The federal commitment for Section 202 has been reduced in New York from nine projects statewide in 2006 to just four HUD 202 projects in fiscal years 2010 and 2011.

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 Low-Income Housing Tax Credit (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.

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 recently released 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/home/index.cfm/advocacy/leadingage-new-york-white-paper-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:

- While Social Security lifts approximately 813,000 New York State seniors out of poverty each year, more than a quarter of New York seniors are near or below the federal poverty threshold (defined in 2012 as \$11,170 for single households and \$15,130 for two-person households).
- Women aged 65 and older face an even greater burden due to the fact that they are disproportionately poor. In 2008, 67% of New York State householders aged 65+ with income below the poverty level were widowed or non-married women. Oftentimes this is a result of lower wages, lower lifetime earnings and fewer years in the workforce.
- The most significant growth in the “oldest old” population – age 85-plus – will occur in the Westchester area (70%) followed by the Capital District and Long Island regions (57%), suggesting that demand for long term care services and supports in these regions will also increase dramatically.
- 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 managed long term care 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, MRT supportive housing funding and "Pay for Success" initiatives.

House NY Program. The Executive Budget includes a proposed *House NY* program that would invest \$1 billion of additional resources over five years to preserve and create 14,300 affordable housing units statewide. This five-year initiative would include the modernization of 45 Mitchell Lama affordable housing projects (\$706 million); the creation and preservation of over 5,000 affordable housing units through various housing and community development programs (\$231 million); and approximately \$100 million in Hurricane Sandy relief initiatives. This funding could provide the capital for the development of new senior housing facilities, and for upgrades to existing facilities to promote aging-in-place and availability of support services.

MRT Supportive Housing Funding. The Executive Budget includes a proposal to increase supportive housing funding from \$75 million to \$91 million. The \$16 million increase represents \$12 million in new funds and \$4 million from Medicaid savings from closure of hospital and

nursing home beds. LeadingAge NY recommends that some amount of this funding be dedicated to our proposed New York State Supportive Senior Housing Services Program (SSHSP) initiative.

The state's recent investments in housing have focused on populations for which "supportive housing" programs already exist. While these have been worthy investments, such funding has not targeted affordable housing options for seniors due to a lack of a specific supportive senior housing program. Our SSHSP proposal provides a framework for a supportive senior housing program.

Our SSHSP initiative 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.

Importantly, the SSHSP would not change the current standards for determining which entities must be licensed as adult care facilities (ACFs) and would be structured to provide funding in a manner that complies with state laws and regulations governing ACFs and assisted living facilities. In fact, our initiative would complement the array of services in the continuum, including the assisted living program which serves low-income seniors.

Grant funding for the SSHSP would be available through a request for proposals to existing or new entities that operate public or publicly assisted multi-family housing projects administered or regulated by HUD or HCR. The SSHSP would include a flexible funding program for capital and supportive services grants. These grants would be awarded separately or in combination for capital and support services, according to the needs of the applicant. The funding will help address gaps in financing, or lack of financing for certain initiatives.

New York's subsidized senior housing facilities already house both high-cost Medicaid users as well as individuals who are at risk of needing expensive Medicaid-funded services. Investment in this area could bring Medicaid costs down dramatically. We are happy to discuss this proposal further with the Legislature and the Executive.

Pay for Success. The Executive Budget would authorize the State to undertake up to \$100 million for *Pay for Success* initiatives (also known as "Social Impact Bonds") over the next five years to invest in programs in the areas of health care, aging, education, juvenile justice, and public safety. This program may offer an innovative approach for seniors to access support services in senior housing by awarding contract payments to intermediary organizations responsible for raising funds to support project costs and managing the delivery of services.

Recommendations

State lawmakers should support programs that will fund capital and supportive services in senior housing to preserve and update existing affordable senior housing properties; provide gap funding for new senior housing construction to include supportive housing building features; and expand the availability of supportive services in existing affordable senior housing facilities. **We encourage the Legislature to promote developing and preserving affordable senior housing by:**

- Ensuring that capital funding for senior housing is included in the proposed *House NY* program.
- Authorizing the *New York State Supportive Senior Housing Services Program*, and dedicating funding to the program through MRT supportive housing funding and/or other sources.
- 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.
- 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.
- Supporting at least level-funding of the *State Low-income Housing Tax Credits* (\$8 million); *Naturally Occurring Retirement Communities (NORCs)* and *Neighborhood NORCs* (\$2,027,000 each); the *New York State Low Income Housing Trust Fund* (\$32.2 million); and *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 on this important subject. 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.