



Statement of Toby Halliday
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Transportation, and Community Development
Senate Committee on Banking, Housing and Urban Affairs

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Subcommittee Chairman Menendez, Ranking Member Vitter, and members of the Subcommittee, thank you for the opportunity to testify today in support of S. 118, the Section 202 Supportive Housing for the Elderly Act of 2009. My name is Toby Halliday, and I am Vice President for Federal Policy for the National Housing Trust. Over the past decade, the Trust has helped save and improve more than 22,000 affordable rental apartments in over 40 states. The vast majority of these apartments have HUD subsidized mortgages or project-based rental assistance contracts.

I also serve as the chair of the National Preservation Working Group, a coalition of 36 nonprofit organizations supporting affordable rental housing. The members of the Preservation Working Group strongly support a balanced housing policy that includes quality

rental housing and support legislation to protect and revitalize affordable rental housing for seniors.

The needs of America's lower-income seniors are great, and those needs will grow. The population of Americans age 65 and older is expected to double between 2000 and 2030. According to the Federal Interagency Forum on Aging-Related Statistics, more than 13 million older Americans—35 percent—have low incomes (less than 200 percent of poverty) (*Older Americans 2008: Key Indicators of Well-Being*, <http://www.agingstats.gov>).

Harvard's Joint Center for Housing Studies recently found that among seniors who rent, 2.5 million (53 percent) pay more than 30 percent of their incomes for housing, and 1.4 million pay more than 50 percent. "These households [are] without sufficient resources to pay for rent and utilities as well as for food, medicine, and other necessities. Indeed, the basic SSI payment of \$623 a month is only enough to cover a rent of \$191 a month—far below the FMR [fair market rent] for an efficiency apartment, let alone one with a separate bedroom" (*America's Rental Housing: The Key to a Balanced National Policy* (Joint Center for Housing Studies, Harvard University, 2008, p. 17).

Due to the recession that now grips our economy and the mortgage crisis that precipitated it, legislation to preserve and revitalize affordable rental housing, including housing for seniors and the disabled, is needed today more than ever. Many 202 properties are 40 years old or older, in need of repair and improvements, and are stretched to meet the expanding needs of their aging residents. Because of their age, many of these properties also require significant

alternations to meet current standards and the needs of an increasingly elderly population. At the same time, many cash-strapped states and local governments are reducing assistance to needy families. All of this leads to a heightened risk of homelessness. Protecting taxpayers' investments in existing 202 properties is critical to meeting this challenge.

This year the HUD Section 202 Supportive Housing for the Elderly Program celebrates its 50th birthday. Since 1959 the 202 program has led to the creation of approximately 300,000 affordable rental apartments for low-income seniors around the country. Many of these properties could benefit from refinancing opportunities to recapitalize and better serve the needs of aging seniors for many more years. This housing serves nearly every community in the nation. The Trust has identified approximately 400,000 Section 202/811 Apartments, some without rental assistance, as shown in Attachment A of my testimony.

But under the current Section 202 law, the development and preservation of existing communities can be time consuming and administratively complex. S. 118, sponsored by Senator Kohl and cosponsored by Senators Brown, Casey, Durbin, Landrieu, Leahy, Levin, Nelson, Schumer, and Stabenow, would simplify, streamline, and modernize procedures to improve and preserve these properties, encourage broader participation by not-for-profit developers, private lenders, investors, and state and local funding agencies, and result in the creation of needed construction jobs.

Key provisions of S. 118 would:

- Modernize and streamline processing for new Section 202 awards;

- Streamline rules and procedures for recapitalization and funding for supportive services;
- Add a requirement that the rehabilitation ensure long term viability of the property;
- Authorize new resources to protect residents from rent increases needed to pay for necessary recapitalization;
- Require tenant notice and participation prior to the approval of a prepayment;
- Expand access to supportive services;
- Create a National Senior Housing Clearinghouse to help prospective residents find affordable senior housing and determine what services are available.

Some controversy exists over whether to loosen restrictions on the ability of existing nonprofit owners to retain proceeds from the sale or refinancing of their property. Current restrictions discourage the sale of some 202 properties by sponsors, especially some owners of individual properties, that lack the capacity for best long-term care of their properties and service to their residents. The Trust believes that a reasonable incentive is needed to foster the transfer of properties to owners with the desire and the ability to ensure the long-term viability of these properties and meet the needs of residents.

A recent report released by the AARP, Reconnecting America, and the National Housing Trust highlights the importance of existing affordable housing near rail and high-frequency bus transit and the need to preserve 202 housing near public transportation. Findings from the report include:

- Transit-connected affordable housing, including Section 202 housing, provides access to community resources for seniors, who occupy the majority of these apartments.
- Preserving affordable housing near transit is of critical importance for maintaining independence and preserving livable communities for older Americans.
- Transit-connected affordable is increasingly at risk of conversion to non-affordable uses, presenting at threat to current and potential future occupants.
- Federal, state, and local governments should emphasize the preservation of affordable housing near transit.

The AARP report states, in part:

“Of the more than 250,000 federally subsidized apartments with rental assistance contracts within one half mile of “quality transit” (and approximately 200,000 within one quarter mile) in 20 metropolitan regions across the country, more than 70 percent are covered by federal contracts that will expire over the next five years. This finding raises concern considering the vital role affordable housing and affordable transportation options play in achieving livable communities, *particularly in respect to the needs of older Americans*” (*Preserving Affordability and Access in Livable Communities: Subsidized Housing Opportunities Near Transit and the 50+ Population*, AARP Public Policy Institute, September 2009, p. 7, emphasis added).

Thank you for holding this hearing on this important legislation. The National Housing Trust urges the earliest possible consideration of this bill. Thank you.

Attachment A

Categories of 202/811 Apartments				
state	Units with project-based rental assistance or Project-Assistance Contracts for disabled residents	Project Rental Assistance Contract units (1990 and later)	Unassisted units in 202 buildings	Total
AK	19	359	70	448
AL	3,865	2,154	408	6,427
AR	3,666	2,216	6,848	12,730
AZ	3,006	1,958	-	4,964
CA	19,189	12,983	4,020	36,192
CO	2,252	1,565	457	4,274
CT	2,646	1,780	581	5,007
DC	1,003	543	195	1,741
DE	492	661	236	1,389
FL	12,056	7,677	3,352	23,085
GA	4,441	2,741	973	8,155
HI	648	610	366	1,624
IA	2,955	1,252	825	5,032
ID	640	385	143	1,168
IL	9,186	5,914	946	16,046
IN	4,594	2,656	436	7,686
KS	2,431	739	256	3,426
KY	3,545	1,811	195	5,551
LA	4,758	2,712	185	7,655
MA	7,348	4,023	1,568	12,939
MD	4,306	3,559	1,466	9,331
ME	1,338	782	22	2,142
MI	8,147	3,093	1,301	12,541
MN	4,731	2,481	857	8,069
MO	6,176	3,458	923	10,557
MS	2,443	1,342	164	3,949
MT	403	485	48	936
NC	4,983	3,998	5,304	14,285
ND	275	145	97	517
NE	1,556	770	140	2,466
NH	690	944	22	1,656
NJ	6,614	3,860	1,461	11,935
NM	895	859	289	2,043
NV	654	555	11	1,220
NY	20,131	12,298	1,020	33,449
OH	13,021	6,860	1,850	21,731
OK	2,804	1,588	477	4,869
OR	1,948	1,746	729	4,423
PA	13,510	6,402	2,340	22,252
PR	3,806	935	98	4,839
RI	1,104	1,407	150	2,661
SC	2,519	2,376	304	5,199
SD	282	221	140	643
TN	5,082	3,058	701	8,841
TX	9,431	6,463	1,352	17,246
UT	1,232	656	557	2,445
VA	3,764	2,601	328	6,693
VI	121	73	-	194
VT	427	276	64	767
WA	2,775	2,344	1,012	6,131
WI	4,122	1,974	4,963	11,059
WV	1,340	643	82	2,065
WY	590	169	226	985
Total	219,960	133,160	50,539	403,659