

Date of Hearing: June 11, 2019

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Adrin Nazarian, Chair

AJR 15 (Bloom) – As Introduced April 3, 2019

SUBJECT: Section 202 Supportive Housing for the Elderly Program.

SUMMARY: This measure would state the Legislature's support for federal funding of at least \$600 million per year to support the construction and operation of affordable housing through the Section 202 Supportive Housing for the Elderly Program and would call on the President of the United States and the United States Secretary of Housing and Urban Development (HUD) to support significantly increased funding for the program. Specifically, **this resolution:**

1) Makes a number of legislative findings, including:

- a) Evidence-based research has shown that older adults with safe, decent, accessible, and affordable homes connected to services are healthier, experience decreased hospitalizations and emergency room use, have shorter hospitalizations than peers without affordable housing-based supports, and reduce federal costs.
- b) In 2016, 9.7 million households 65 years of age or older spent more than 30 percent of their incomes for housing; and 4.9 million households 65 years of age or older spent more than 50 percent of their incomes for housing.
- c) The poorest older adult households spending more than one-half of their incomes for housing, spend 53 percent less on food and 70 percent less on health care than their peers who are not burdened by housing costs, and the share of individuals experiencing homelessness who are 60 years of age or older almost doubled from 2007 to 2017, from 4.1 percent to 8 percent.
- d) Only one of every three older adult households eligible for federal rental assistance receive it because federal housing assistance programs are too small to meet the large, existing need, and the number of older households with low-incomes is growing, with the number of low-income households 65 to 79 years of age increasing 21 percent between 2000 and 2016.
- e) The Section 202 Supportive Housing for the Elderly Program within the United States Department of Housing and Urban Development has successfully built more than 400,000 homes since its inception in 1959.
- f) The Section 202 Program serves more than 30,000 older adults in California, while more than 687,900 California households 65 years of age or older pay more than one-half of their incomes for housing, often forcing them to choose between paying for housing, food, and medicine.
- g) Federal funding for the Section 202 Program was reduced to zero for fiscal years 2012, 2013, 2014, 2015, and 2016, while the need for this housing expanded, and the construction of new homes by the Section 202 Program was restarted in the 2017–18

fiscal year as Congress recognized the large and increasing need for affordable housing for older adults.

- h) The Section 202 Program is a critical program to meet the affordable housing plus services needs of older adults with very low incomes, but this program is too small to meet those needs.

FISCAL EFFECT: This bill is keyed non-fiscal by Legislative Counsel.

COMMENTS:

According to the author, “The Section 202 program is vital to our lowest income older adults. The program serves more than 30,000 older adults in California, ensuring that those individuals have a safe and secure place to call home. However, the program has endured significant funding cuts since 2011, preventing the creation of any new Section 202 housing. Now, the demand for affordable senior housing is greatly outpacing the supply. There are more than 687,900 California households 65 years of age or older that are severely rent-burdened, often forcing them to choose between paying for housing, food, and medicine.

AJR 15 calls on the President and HUD to increase funding for the Section 202 program to at least \$600 million a year, to help meet the affordable housing needs of our older adults. An investment of \$600 million a year will equate to about 4,300 units annually.”

BACKGROUND:

Increased rents and stagnant wages are making it increasingly harder for older adults to remain successfully housed. As a result, California is seeing a “graying” of our homeless population, where more than half of the individuals experiencing homelessness are over age 55. Older adults are particularly vulnerable to cost of living increases, because they are more likely than younger counterparts to live on fixed incomes.

Because of the shortage of affordable housing, according to the Joint Center for Housing studies of Harvard University’s Housing America’s Older Adults 2018, about 4.9 million older adults pay more than 50% of their incomes for housing. For the lowest income seniors, this results in 70% less being spent on health care and 53% less on food than their non-housing cost burdened peers.

The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly with options that allow them to live independently in an environment that provides support for activities such as cleaning, cooking, transportation, etc. HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable.

Despite the cost of living increases occurring across the country, federal funding for rental assistance has decreased sharply since 2011, when Congress enacted rigid spending caps on non-defense discretionary programs as part of the Budget Control Act (BCA). The BCA established budget caps through 2021 and mandated further reductions in spending through a process known as sequestration.

This caused funding for HUD's Section 202 Supportive Housing for the Elderly Program to decrease by over \$640 million annually.

From 2012 to 2016, the budget for the HUD 202 capital advance program was reduced to zero. This happened as the need for affordable housing among older adults surged. The number of low-income households age 65 to 79 grew by 21 percent between 2000 and 2016.

In 2017, Congress appropriated \$105 million to the HUD 202 program. While this is an improvement over the five preceding years, it does not equal a quarter of the funding the program received prior to the BCA.

REGISTERED SUPPORT / OPPOSITION:**Support**

Christian Church Homes
Episcopal Communities & Services
HumanGood Affordable Housing
LeadingAge
Menorah Housing Foundation
PEP Housing
Santa Clara Methodist Retirement Foundation, Inc.

Opposition

None on file.

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