

**HOUSING
HOUSING FOR THE ELDERLY (SECTION 202)
2005 Summary Statement and Initiatives
(Dollars in Thousands)**

HOUSING FOR THE ELDERLY (SECTION 202)	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2003 Appropriation	\$783,286 ^a	\$1,998,239 ^a	-\$5,091 ^a	\$2,776,434 ^a	\$1,276,076 ^a	\$731,964 ^a
2004 Appropriation/Request	778,320	1,500,358 ^b	-4,592	2,274,086	773,728	754,821
2005 Request	<u>773,300^c</u>	<u>1,500,358</u>	...	<u>2,273,658</u>	<u>773,300</u>	<u>766,144</u>
Program Improvements/Offsets	-5,020	...	4,592	-428	-428	11,323

a/ Amounts reflect activity funded in the Housing for Special Populations account in fiscal year 2003. The Housing for Special Populations account was separated into two accounts in fiscal year 2004 (1) Housing for Elderly, and (2) Housing for Persons with Disabilities. Fiscal year 2003 carryover includes \$241 thousand unobligated balance transferred from Congregate Housing Services account and \$7.6 million in recaptures.

b/ Differs from MAX due to rounding.

c/ Excludes the use of \$20 million of unobligated funds previously provided for the Service Coordinator and/or Conversion to Assisted Living programs.

Summary Statement

The Department is proposing an increase in the number of units for fiscal year 2005. The proposed appropriation of \$773 million plus \$20 million of unobligated prior year funding will allow more units to be produced in fiscal year 2005 than fiscal year 2004. Included in the total request is an estimated \$3 million to renew expiring Project Rental Assistance Contracts (PRAC); \$30 million to continue the conversion of existing elderly projects to assisted living facilities; and \$53 million for Service Coordinators/Congregate Services programs to provide services in projects for the elderly and the disabled. Also, not less than \$75 thousand is to be transferred to the Working Capital Fund for information technology.

The Department is examining policy changes or reforms within the program's current design to strengthen performance. The Department has identified causes of delays in the housing production process and is implementing a plan with milestones to improve performance. These issues were discussed with industry representatives at a Multifamily industry meeting this past summer. The Department is evaluating their comments.

Initiatives

There are no new initiatives proposed in this account.

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Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Elderly - Grants and PRAC	\$677,917	\$1,822,295	\$2,500,212	\$1,172,588	\$696,506	\$1,330,624	\$2,027,130	\$686,459
Service Coordinators/ Congregate Housing Service Program	49,675	64,543	114,218	52,440	29,823	61,778	91,601	53,000
Conversion to Assisted Living	24,838	108,401	133,239	50,121	24,852	83,118	107,970	30,000
Elderly PRAC Renewal ..	679	3,000	3,679	679	2,198	...	2,198	3,766
Planning Grant	24,838	...	24,838	...	19,882	24,838	44,720	...
Working Capital Fund ..	<u>248</u>	<u>...</u>	<u>248</u>	<u>248</u>	<u>467</u>	<u>...</u>	<u>467</u>	<u>75</u>
Total Housing for the Elderly (Section 202)	778,195	1,998,239	2,776,434	1,276,076	773,728	1,500,358	2,274,086	773,300
FTE								
Headquarters			19				28	28
Field			<u>264</u>				<u>273</u>	<u>274</u>
Total			283				301	302

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Program Offsets
(Dollars in Thousands)**

Elderly - Grants and PRAC	<u>Amount</u>
2003 Appropriation	\$677,917
2004 Appropriation/Request	696,506
2005 Request	<u>707,459</u> ^{a/}
Program Improvements/Offsets	+10,953

Elderly - Grants and PRAC	<u>Units</u> b/
2003 Appropriation	5,980
2004 Appropriation/Request	5,451
2005 Request	<u>5,464</u>
Program Improvements/Offsets	+13

a/ Includes the use of \$20 million in unobligated funds previously provided for the Service Coordinator and/or Conversion to Assisted Living programs.

b/ Represents actual units awarded for fiscal year 2003 and estimated award units for fiscal year 2004 and fiscal year 2005.

Proposed Actions

The Department is proposing \$707 million for the supportive housing program authorized by Section 202 of the Cranston-Gonzalez National Affordable Housing Act to provide eligible non-profit organizations with capital advances and rental assistance to provide housing for very low-income elderly or disabled individuals. The amount proposed will allow for an increase in the number of units produced in fiscal year 2005 over the number produced in fiscal year 2004. The capital advances will be used to finance the acquisition, acquisition with rehabilitation, construction, reconstruction, or rehabilitation of housing intended for use as supportive housing for elderly people. Supportive housing is designed to meet the special physical needs of elderly individuals and to accommodate the provision of supportive services.

The Direct Loan Program. The Housing for the Elderly or Handicapped Direct Loan program was authorized by Section 202 of the Housing Act of 1959, as amended. The program is no longer active, although projects developed under it continue to operate. The program provided direct loans to nonprofit organizations sponsoring the construction and management of rental housing for the elderly or handicapped. Projects originally developed under Section 202 also receive Section 8 subsidies to enable low-income households to afford the rents in these projects. The 1992 VA-HUD-IA Appropriations Act (Public Law 102-139) provided language to enable the conversion of pipeline Section 202 direct loan projects to the Supportive Housing program starting January 1, 1992. All of the pipeline Section 202 projects were converted in fiscal year 1992. Any remaining activity for the loan program includes amendments for projects reaching final endorsement, payment of interest and repayment of borrowings to Treasury, and management of the loan portfolio.

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Section 202 Loan Program (Mandatory)	Direct Loans Outstanding	<u>Outlays</u>
2003	7,449,000	\$-592,000
2004	7,269,000	-482,000
2005	<u>7,089,000</u>	<u>-604,000</u>
Program Improvements/Offsets	-180	-122,000

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Service Coordinators/ Congregate Housing Service Program	<u>Amount</u>
2003 Appropriation	\$49,675
2004 Appropriation/Request	29,823
2005 Request	<u>53,000</u>
Program Improvements/Offsets	23,177

Proposed Actions

The fiscal year 2005 budget proposes \$53 million for Service Coordinators. Section 808 of the Cranston-Gonzalez National Affordable Housing Act authorized the use of Service Coordinators within existing projects for the elderly or persons with disabilities. Sections 674 and 676 of the Housing and Community Development Act of 1992 expanded the universe of projects eligible to receive service coordinator assistance by authorizing funding for service coordinators in Section 202, Section 8 and Sections 221(d)(3) and 236 projects. The purpose of the Service Coordinators program is to enable residents who are elderly, or persons with disabilities to live as independently as possible in their own homes. The \$53 million set-aside for fiscal year 2005 for Service Coordinators/Congregate Services is authorized under the Housing for the Elderly program account. Housing for Persons with Disabilities program projects are also eligible for funding within the overall total.

Service Coordinator funds pay the salary and fringe benefits of a Service Coordinator and cover related program administrative costs. The primary responsibility of a Service Coordinator is to help link residents of eligible housing with supportive services provided by community agencies. The Service Coordinator may also perform such activities as providing case management, acting as an advocate or mediator, coordinating group programs, or training housing management staff.

Congregate Housing Services Program (CHSP)

This program was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year grants to fund services for eligible residents of Public Housing and Section 202 Housing for the Elderly or Disabled. The intent was to avoid costly and premature or unnecessary institutionalization of individuals and to reduce Government outlays for institutional care. The program was revised in 1992 to add other assisted housing programs.

The CHSP grant from HUD, in conjunction with grantee match and participant fees, subsidizes the cost of supportive services that are provided on-site and in the participant's home. Such services may include congregate meals, housekeeping, personal assistance, transportation, personal emergency response systems, case management, and preventative health programs. HUD requires that each program includes a Service Coordinator and that each makes at least one hot congregate meal available every day to participants. Eligible participants are residents of eligible housing who are frail (i.e., have difficulty performing three or more activities of daily living) or are persons with disabilities age 18 or older.

CHSP funds allow residents of subsidized housing to afford supportive services that enable them to continue living as independently as possible in their homes for as long as possible. Without this program, most of the low- and very low-income participants would have no choice but to relocate to a facility that provides a higher level of care, such as a nursing home, to meet their daily living needs.

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Conversion to Assisted Living	<u>Amount</u>
2003 Appropriation	\$24,838
2004 Appropriation/Request	24,852
2005 Request	<u>30,000</u>
Program Improvements/Offsets	5,148

Proposed Actions

The fiscal year 2005 budget proposes \$30 million for capital grants for Conversion to Assisted Living. These funds will be available to existing HUD elderly subsidized projects that convert some or all units to assisted living. Typical funding will cover basic physical conversion of existing project units, common and services space. These competitive grants will be available to existing HUD project owners who demonstrate strong commitment to: (1) serve eligible frail elderly and (2) promote resident autonomy, independence, choice, and control. Existing project owners must provide supportive services for the residents either directly or through a third party. Examples of both mandatory and optional supportive services (which will vary from State-to-State) would include: (1) 24-hour staff for protective oversight and personal care, (2) three meals per day, (3) housekeeping services, (4) personal counseling, and (5) transportation.

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Elderly PRAC Renewal	<u>Amount</u>
2003 Appropriation	\$679
2004 Appropriation/Request	2,198
2005 Request	<u>3,766</u>
Program Improvements/Offsets	1,568

Elderly PRAC Renewal	<u>Units</u>
2003 Appropriation	175
2004 Appropriation/Request	564
2005 Request	<u>947</u>
Program Improvements/Offsets	383

Proposed Actions

The Department is proposing \$4 million for the renewal of Project Rental Assistance Contracts (PRAC). These funds are used to cover the difference between HUD-approved operating cost for the project and the tenant's contribution towards rent. Prior to fiscal year 1995, PRAC contracts were structured as 20-year agreements. However, PRACS are now initially structured for 5 years and are subsequently renewed for a 1-year term.

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Planning Grant	<u>Amount</u>
2003 Appropriation	\$24,838
2004 Appropriation/Request	19,882
2005 Request	<u>---</u>
Program Improvements/Offsets	-19,882

Proposed Actions

No funding is requested this fiscal year for Pre-Construction Planning Demonstration Grants. In fiscal year 2003 and 2004, funds were enacted to make grants to private nonprofit organization and consumer cooperatives for covering the cost of architectural and engineering work, site control, and other planning relating to the development of supporting housing for the elderly that is eligible for assistance under section 202 of the Housing Act of 1959. This demonstration grant is currently under development.

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Working Capital Fund	<u>Amount</u>
2003 Appropriation	\$248
2004 Appropriation/Request	467
2005 Request	<u>75</u>
Program Improvements/Offsets	-392

Proposed Actions

No less than \$75 thousand is included for the Working Capital Fund for developing and maintaining information technology systems related to Federal Housing activities. In addition, sufficient carryover is available to meet program needs.

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Performance Measurement Table**

Program Name: ELDERLY (SECTION 202)					
Program Mission: The Housing for Elderly supportive housing program was authorized by Section 202 of the Cranston-Gonzalez National Affordable Housing Act to provide eligible non-profit organizations with capital advances and rental assistance to provide housing for very low-income elderly or disabled individuals. The capital advances will be used to finance the acquisition, acquisition with rehabilitation, construction, reconstruction, or rehabilitation of housing intended for use as supportive housing for elderly people. Supportive housing is designed to meet the special physical needs of elderly individuals and to accommodate the provision of supportive services.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The share of assisted and insured privately owned multifamily properties that meet HUD established physical standards are maintained at no less than 95 percent.	MF Program Office and Annual Performance Plan	95%	95%	95%	95%
For households living in assisted and insured privately owned multifamily properties, the share of properties that meets HUD's financial management compliance is maintained at no less than 95 percent	MF Program Office and Annual Performance Plan	95%	95%	95%	95%
Increase that availability of affordable housing for the elderly and persons with disabilities by bringing 250 projects to initial closing under Sections 202 and 811.	MF Program Office and Annual Performance Plan	250	250	250	250
Tenants' satisfaction in properties assisted under Section 202/811 and in service enriched housing shall be compared to similar survey data for the low-income elderly as reported in the American Housing Survey.	MF Program Office and Annual Performance Plan	RASS Survey	RASS Survey	RASS Survey	RASS Survey

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Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The percentage of public housing and private subsidized multifamily units with exigent health and safety violations is reduced from the current 16 percent to 15 percent.	MF Program Office and Annual Performance Plan	15%	15%	15%	15%
The share of units that have functioning smoke detectors and are in buildings with functioning smoke detectors increases by 1.2 percentage points for public housing and by .7 percentage points for assisted multifamily housing.	MF Program Office and Annual Performance Plan	0.70%	0.70%	0.70%	0.70%
The Center will conduct comprehensive outreach to inform potential partners of HUD opportunities.	FBC Office and Annual Performance Plan	Faith Based Community Initiative	Faith Based Community Initiative	Faith Based Community Initiative	Faith Based Community Initiative
The number of elderly households living in private assisted housing developments served by a service coordinator for the elderly increases by 10 percent.	MF Program Office and Annual Performance Plan	Increases by 10 percent	Increases by 10 percent	Increases by 10 percent	Increases by 10 percent
The number of elderly households living in private assisted housing developments served by a service coordinator for the elderly increases by 10 percent.	MF Program Office and Annual Performance Plan	Increases by 10 percent	Increases by 10 percent	Increases by 10 percent	Increases by 10 percent
The number of assisted living units that HUD supports through Assisted Living Conversion program increases by completing conversion of 10 properties.	MF Program Office and Annual Performance Plan	10 units	10 units	10 units	10 units

Explanation of Indicators

Nearly two million households headed by an elderly individual or a person with a disability receive HUD rental assistance that provides them with the opportunity to afford a decent place to live and often helps them to live independent lives. Housing for the Elderly is awarded competitively to private non-profit organizations to develop new housing units through new construction or rehabilitation. The facilities are then provided with rental assistance, enabling them to accept very low-income residents. Many of the residents live in the facilities for years; over time, these individuals are likely to become frail and less able to live in

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rental facilities without some additional services. Therefore, the program also provides grants to convert all or part of existing properties to assisted-living facilities. These indicators will measure the success of this program by examining whether service-enriched housing increases the satisfaction of persons with disabilities with their units, developments, and neighborhoods.

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Justification of Proposed Changes in Appropriations Language

The 2005 President's budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance for the elderly under section 202(c)(2) of such Act, including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 1-year term, and for supportive services associated with the housing, (c) [\$778,320,000] \$773,300,000, plus recaptures, cancelled commitments, and \$20,000,000 of unobligated balances of funds provided in prior year appropriations under this heading, to remain available until September 30, (c)[2006] 2008, of which amount (c)[\$30,000,000] up to \$53,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects, and of which amount up to (c) [\$25,000,000] \$30,000,000 shall be for grants under section 202b of the Housing Act of 1959 (12 U.S.C. 1701q.2) for conversion of eligible projects under such section to assisted living or related use and for emergency capital repairs as determined by the Secretary: Provided, (c)[That of the amount made available under this heading, \$20,000,000 shall be available to the Secretary of Housing and Urban Development only for making competitive grants to private nonprofit organizations and consumer cooperatives for covering costs of architectural and engineering work, site control, and other planning relating to the development of supportive housing for the elderly that is eligible for assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q): Provided further,] That no less than (c)[\$470,000] \$75,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under "Housing programs" or "Federal Housing Administration": Provided further, That the Secretary may waive the provisions of section 202 governing the terms and conditions of project rental assistance, except that the initial contract term for such assistance shall not exceed 5 years in duration: Provided further, That all balances outstanding, as of September 30, [2003] 2004, for capital advances, including amendments to capital advances, for housing for the elderly, as authorized by section 202, for project rental assistance for housing for the elderly, as authorized under section 202(c)(2) of such Act, including amendments to contracts shall be transferred to and merged with the amounts for those purposes under this heading.

Explanation of Changes:

Language proposed to allow the use of unobligated funds previously appropriated for this account to be used for Capital Grants.

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**HOUSING
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Crosswalk of 2003 Availability
(Dollars in Thousands)**

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Elderly - Grants and PRAC	\$682,357	-\$4,440	...	...	\$1,822,295 ^a	\$2,500,212
Service Coordinators/ Congregate Housing Service Program	50,000	-325	...	...	64,543	114,218
Conversion to Assisted Living	25,000	-162	...	...	108,401	133,239
Elderly PRAC Renewal	679	...	...	...	3,000	3,679
Planning Grant	25,000	-162	...	...	...	24,838
Working Capital Fund	<u>250</u>	<u>-2</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>248</u>
Total	783,286	-5,091	...	...	1,998,239	2,776,434

a/ Includes \$241 thousand unobligated balance transferred from Congregate Housing Services account and \$7.6 million in recaptures.

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**HOUSING
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Crosswalk of 2004 Changes
(Dollars in Thousands)**

<u>Budget Authority</u>	<u>2004 President's Budget Request</u>	<u>Congressional Appropriations Action on 2004 Request</u>	<u>2004 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Elderly - Grants and PRAC	\$697,605 ^a	\$700,639	-\$4,133	...	\$1,330,624	\$2,027,130
Service Coordinators/ Congregate Housing Service Program	53,000	30,000	-177	...	61,778 ^b	91,601
Conversion to Assisted Living	30,000	25,000	-148	...	83,118 ^b	107,970
Elderly PRAC Renewal	2,211	2,211	-13	...	...	2,198
Planning Grant .....	...	20,000	-118	...	24,838	44,720
Working Capital Fund	<u>470</u>	<u>470</u>	<u>-3</u>	<u>...</u>	<u>...</u>	<u>467</u>
Total Changes	783,286	778,320	-4,592	...	1,500,358	2,274,086

a/ Includes \$9.65 million in anticipated reuse of recaptures.

b/ In fiscal year 2005, \$20 million in unobligated funds previously provided for the Service Coordinator and/or Conversion to Assisted Living programs will be used for capital grants.