

HOUSING
HOUSING FOR THE ELDERLY (SECTION 202)
2006 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>
2004 Appropriation	\$778,320	\$1,919,625 ^a	-\$4,592	\$2,693,353	\$1,258,860	\$1,095,730
2005 Appropriation/Request	747,000	1,265,439 ^b	-5,976	2,006,463	747,000	875,000
2006 Request	<u>741,000</u>	<u>1,259,463</u>	...	<u>2,000,463</u>	<u>741,000</u>	<u>875,000</u>
Program Improvements/Offsets	-6,000	-5,976	+5,976	-6,000	-6,000	...

a/ Includes carryover balances for Housing for Persons with Disabilities. These balances will be transferred to the Housing for Persons with Disabilities account in fiscal year 2005.

b/ Excludes \$169 million of fiscal year 2002 appropriations that expired (\$42.7 million) on September 30, 2004, and prior year balances (\$126.3 million) that will be transferred to the Housing for Persons with Disabilities program.

Summary Statement

An appropriation of \$741 million is proposed for Housing for the Elderly for fiscal year 2006, the same level as fiscal year 2005 enacted net of rescission. The Department will continue its policy in fiscal year 2006 of providing a consistent level of new units each year by reducing the Project Rental Assistance contract term from 5-years to 3-years.

Included in the total request is an estimated \$10 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 persons with disabilities. Also, not less than \$450 thousand is to be transferred to the Working Capital Fund for information technology.

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>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Elderly - Grants and PRAC	\$697,506	\$1,341,820	\$2,039,326	\$909,934	\$645,346	\$1,114,592	\$1,759,938	\$647,550
Service Coordinators/ Congregate Housing Service Program	29,823	62,613	92,436	56,860	49,600	35,081	84,681	53,000
Conversion to Assisted Living	24,853	87,093	111,946	20,985	24,800	69,256	94,056	30,000
Elderly PRAC Renewal ..	1,197	2,391	3,588	1,795	2,976	1,790	4,766	10,000
Planning Grant	19,882	24,838	44,720	...	17,856	44,720	62,576	...
Working Capital Fund ..	467	...	467	467	446	...	446	450
Housing for Persons with Disabilities ....	...	<u>400,870</u>	<u>400,870</u>	<u>268,819</u>	...	<u>[-126,337]</u>	<u>[-126,337]</u>	...
Total Housing for the Elderly (Section 202)	773,728	1,919,625	2,693,353	1,258,860	741,024	1,265,439	2,006,463	741,000

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	32	32	31
Field	<u>277</u>	<u>271</u>	<u>270</u>
Total	309	303	301

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Program Offsets
(Dollars in Thousands)**

Elderly - Grants and PRAC	<u>Amount</u>
2004 Appropriation	\$697,506
2005 Appropriation	645,346
2006 Request	<u>647,550</u>
Program Improvements/Offsets	+2,204

Elderly - Grants and PRAC	<u>Units</u>
2004 Appropriation	5,854
2005 Appropriation	5,732
2006 Request	<u>5,990</u>
Program Improvements/Offsets	+258

Proposed Actions

The Department is proposing \$647.5 million for the Supportive Housing for the Elderly program for fiscal year 2006. This amount will continue the Department's policy of maintaining a consistent level of new units each year. To accommodate this, initial project rental assistance contract terms are being reduced from 5-years to 3-years.

This 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 are used to finance the acquisition, acquisition with rehabilitation, construction, reconstruction, or rehabilitation of housing intended for use as supportive housing for the elderly. This 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 non-elderly persons with disabilities. 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 <u>Outstanding</u>	<u>Outlays</u>
2004 Appropriation.....	7,449,000	\$-854,000
2005 Appropriation.....	6,991,000	-604,000
2006 Appropriation.....	<u>6,811,000</u>	<u>-604,000</u>
Program Improvements/Offsets	-180	0

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Program Offsets
(Dollars in Thousands)**

Service Coordinators/Congregate Housing Service Program	<u>Amount</u>
2004 Appropriation	\$29,823
2005 Appropriation	49,600
2006 Request	<u>53,000</u>
Program Improvements/Offsets	+3,400

Proposed Actions

The fiscal year 2006 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 2006 for Service Coordinators/Congregate Services is authorized under the Housing for the Elderly program account.

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 Persons with Disabilities. 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 at least one or all of the following: (1) congregate meals, (2) housekeeping, (3) personal assistance, (4) transportation, (5) personal emergency response systems, (6) case management, and (7) 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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 Program Offsets
 (Dollars in Thousands)

Conversion to Assisted Living	<u>Amount</u>
2004 Appropriation	\$24,853
2005 Appropriation	24,800
2006 Request	<u>30,000</u>
Program Improvements/Offsets	+5,200

Proposed Actions

The fiscal year 2006 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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Program Offsets
(Dollars in Thousands)**

Elderly PRAC Renewal	<u>Amount</u>
2004 Appropriation	\$1,197
2005 Appropriation	2,976
2006 Request	<u>10,000</u>
Program Improvements/Offsets	+7,024

Elderly PRAC Renewal	<u>Units</u>
2004 Appropriation	529
2005 Appropriation	923
2006 Request	<u>1,886</u>
Program Improvements/Offsets	+963

Proposed Actions

The Department is proposing \$10 million for the renewal of Project Rental Assistance Contracts (PRAC). The increase is due to the increase in units for fiscal year 2006. 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. From fiscal year 1995, PRACS were structured for 5 years and will now be structured for 3 years starting in fiscal year 2006, with subsequent renewal for a 1-year term.

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Program Offsets
(Dollars in Thousands)

Planning Grant	<u>Amount</u>
2004 Appropriation	\$19,882
2005 Appropriation	17,856
2006 Request	<u>---</u>
Program Improvements/Offsets	-17,856

Proposed Actions

No funding is requested this fiscal year for Pre-Construction Planning Demonstration Grants. In fiscal years 2004 and 2005, funds were enacted to make grants to private nonprofit organizations 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. No additional funds are being requested until an evaluation of the demonstration can be completed.

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Program Offsets
(Dollars in Thousands)**

Working Capital Fund	<u>Amount</u>
2004 Appropriation	\$467
2005 Appropriation	446
2006 Request	<u>450</u>
Program Improvements/Offsets	+4

Proposed Actions

No less than \$450 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.

Housing for the Elderly (Section 202)

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Program Offsets
(Dollars in Thousands)

Housing for Persons with Disabilities	<u>Amount</u>
2004 Appropriation
2005 Appropriation
2006 Request	<u>...</u>
Program Improvements/Offsets

Proposed Actions

The fiscal year 2004 Appropriations Act created a separate account "Housing for Persons with Disabilities". Prior year balances of \$126.3 million will be transferred to the new Housing for Persons with Disabilities account in fiscal year 2005.

**HOUSING
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Performance Measurement Table**

Program Name: HOUSING FOR THE 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	
		2004 Plan	2004 Actual	2005 Plan	2006 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	94.7%	95.5%	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%	98%	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	303	250	250
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

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Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
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 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 2006 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, [\$747,000,000] \$741,000,000, to remain available until September 30, [2008] 2009, of which amount [\$50,000,000] \$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 [\$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, That [of the amount] amounts made available under this heading [\$18,000,000 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)] shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 202 capital advance projects: Provided further, That \$450,000 shall be transferred to the Working Capital Fund: 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.

[Title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2004, is amended under this heading by striking the fourth proviso.]

Explanation of Changes

Language proposed to include inspections and inspection-related activities by Real Estate Assessment Center for Section 202 capital advance projects.

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Crosswalk of 2004 Availability
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Elderly - Grants and PRAC	\$701,646	-\$4,140	...	...	\$1,341,820	\$2,039,326
Service Coordinators/ Congregate Housing Service Program	30,000	-177	...	...	62,613	92,436
Conversion to Assisted Living	25,000	-147	...	...	87,093	111,946
Elderly PRAC Renewal	1,204	-7	...	...	2,391	3,588
Planning Grant	20,000	-118	...	...	24,838	44,720
Working Capital Fund	470	-3	...	...	...	467
Housing for Persons with Disabilities	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>400,870</u>	<u>400,870</u>
Total	778,320	-4,592	...	...	1,919,625	2,693,353

Housing for the Elderly (Section 202)

HOUSING
HOUSING FOR THE ELDERLY (SECTION 202)
Crosswalk of 2005 Changes
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 President's Budget Request</u>	<u>Congressional Appropriations Action on 2005 Request</u>	<u>2005 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Elderly - Grants and PRAC	\$686,459	\$650,550	-\$5,204	...	\$1,114,592	\$1,759,938
Service Coordinators/ Congregate Housing Service Program	53,000	50,000	-400	...	35,081	84,681
Conversion to Assisted Living	30,000	25,000	-200	...	69,256	94,056
Elderly PRAC Renewal	3,766	3,000	-24	...	1,790	4,766
Planning Grant .....	...	18,000	-144	...	44,720	62,576
Working Capital Fund	75	450	-4	...	...	446
Housing for Persons with Disabilities	...	...	...	...	[-126,337]	[-126,337]
Total Changes	773,300	747,000	-5,976	...	1,265,439	2,006,463

NOTE: Carryover amount excludes \$169 million of fiscal year 2002 appropriations that expired (\$42.7 million) on September 30, 2004, and prior year balances (\$126.3 million) that will be transferred to the Housing for Persons with Disabilities program.