

HOUSING  
HOUSING FOR THE ELDERLY (SECTION 202)  
2007 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>
2005 Appropriation .....	\$747,000	\$1,277,581 <sup>a</sup>	-\$5,976	\$2,018,605	\$1,009,328	\$903,485
2006 Appropriation/Request .....	742,000	1,009,277	-7,420	1,743,857	741,500	875,000
2007 Request .....	<u>545,490</u>	<u>1,002,357</u>	...	<u>1,547,847</u>	<u>545,490</u>	<u>875,000</u>
Program Improvements/Offsets .....	-196,510	-6,920	+7,420	-196,010	-196,010	...

a/ Excludes prior year balances (\$126.3 million) that were transferred to the Housing for Persons with Disabilities program (Public Law 108-447) and includes \$12 million in recaptures.

**Summary Statement**

An appropriation of \$545.5 million is proposed for the Housing for the Elderly program for fiscal year 2007. Included in the total request is an estimated \$414.8 million for new capital grants and the associated Project Rental Assistance Contracts (PRAC); \$44.5 million to renew expiring PRAC and for amendments to such contracts; \$24.8 million for conversion of existing elderly projects to assisted living facilities and emergency repairs; and \$59.4 million for Service Coordinators/Congregate Services programs to provide services in projects for the elderly and persons with disabilities. Also, \$1.9 million is to be transferred to the Working Capital Fund for information technology.

**Initiatives**

There are no new initiatives proposed in this program.

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Summary of Resources by Program  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Elderly - Grants and PRAC .....	\$641,246	\$1,126,040	\$1,767,286	\$894,419	\$597,856	\$872,867	\$1,470,723	\$414,843
Elderly PRAC Renewal/Amendment ....	7,076	1,790	8,866	5,930	36,932	2,936	39,868	44,517
Service Coordinators/ Congregate Housing Service Program .....	49,600	35,775	85,375	50,753	51,084	34,622	85,706	59,400
Conversion to Assisted Living/Emergency Repairs .....	24,800	69,256	94,056	39,001	24,552	55,055	79,607	24,750
Planning Grant .....	17,856	44,720	62,576	18,779	19,800	43,797	63,597	...
Working Capital Fund ..	446	...	446	446	396	...	396	1,980
Intergenerational Families Demonstration Project .....	...	...	...	...	3,960	...	3,960	...
Housing for Persons with Disabilities ....	...	<u>[-126,337]</u>	<u>[-126,337]</u>	...	...	...	...	...
Total .....	741,024	1,277,581	2,018,605	1,009,328	734,580	1,009,277	1,743,857	545,490

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters .....	29	31	32
Field .....	285	278	299
Total .....	314	309	331

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Program Offsets  
(Dollars in Thousands)

<b>Elderly - Grants and PRAC</b>	<u>Amount</u>
2005 Appropriation .....	\$641,246
2006 Appropriation/Request .....	597,856
2007 Request .....	<u>414,843</u>
Program Improvements/Offsets .....	-183,013

<b>Elderly - Grants and PRAC</b>	<u>Units</u>
2005 Appropriation .....	4,719
2006 Appropriation .....	4,313
2007 Request .....	<u>2,730</u>
Program Improvements/Offsets .....	-1,583

**Proposed Actions**

The Department is proposing \$414.8 million for new capital grants and the associated PRAC, including amendments to initial grants awards, inspection activities, and property disposition costs.

The proposed funding continues to support additional Housing for the Elderly with one important component for the frail elderly. The program performance adds to the cumulative efforts to provide high quality housing assistance choices to low- and very low-income elderly and to provide models of successful elderly housing assistance.

<b>Section 202 Loan Program (Mandatory)</b>	<u>Direct Loans Outstanding</u>	<u>Outlays</u>
2005 Appropriation.....	6,991,000	-\$930,222
2006 Appropriation.....	6,502,000	-705,000
2007 Appropriation.....	<u>6,322,000</u>	<u>-605,000</u>
Program Improvements/Offsets .....	-180,000	0

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

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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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<b>Service Coordinators/Congregate Housing Service Program</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$49,600
2006 Appropriation/Request .....	51,084
2007 Request .....	<u>59,400</u>
Program Improvements/Offsets .....	+8,316

**Proposed Actions**

The fiscal year 2007 budget proposes \$59.4 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. 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, to live as independently as possible in their own homes. The \$59.4 million set-aside for fiscal year 2007 for Service Coordinators/Congregate Services is provided 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.

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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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<b>Conversion to Assisted Living/Emergency Repairs</b>	<u><b>Amount</b></u>
2005 Appropriation .....	\$24,800
2006 Appropriation/Request .....	24,552
2007 Request .....	<u>24,750</u>
Program Improvements/Offsets .....	+198

**Proposed Actions**

The fiscal year 2007 budget proposes \$24.8 million for capital grants for Conversion to Assisted Living and emergency repairs. These funds will be available to existing HUD elderly subsidized projects that convert some or all units to assisted living or to cover the cost of eligible emergency repairs. 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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<b>Elderly PRAC Renewal/Amendment</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$7,076
2006 Appropriation/Request .....	36,932
2007 Request .....	<u>44,517</u>
Program Improvements/Offsets .....	+7,585
<b>Elderly PRAC Renewal</b>	<b><u>Units</u></b>
2005 Appropriation .....	4,545
2006 Appropriation .....	9,383
2007 Request .....	<u>14,819</u>
Program Improvements/Offsets .....	+5,436

**Proposed Actions**

The Department is proposing \$44.5 million for the renewal and amendment of Project Rental Assistance Contracts (PRAC). The increase reflects the growing pipeline of renewal units and the identification of large number of contracts that have not reached their initial expiration date but are exhausting all available funding. Renewals are for a period of 1 year and amendments are to support the contract to its next anniversary date or its expiration date. These funds are used to cover the difference between HUD-approved operating cost for the project and the tenant's contribution towards rent.

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<b>Planning Grant</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$17,856
2006 Appropriation/Request .....	19,800
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	-19,800

**Proposed Actions**

No funding is requested this fiscal year for Pre-Construction Planning Demonstration Grants. In fiscal year 2006, funds were appropriated 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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<b>Working Capital Fund</b>	<u><b>Amount</b></u>
2005 Appropriation .....	\$446
2006 Appropriation/Request .....	396
2007 Request .....	<u>1,980</u>
Program Improvements/Offsets .....	+1,584

**Proposed Actions**

The Department proposes \$2 million for the Working Capital Fund for developing and maintaining information technology systems related to Federal housing activities.

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<b>Intergenerational Families Demonstration Project</b>	<b><u>Amount</u></b>
2005 Appropriation .....	...
2006 Appropriation/Request .....	\$3,960
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	-3,960

**Proposed Actions**

The fiscal year 2006 Appropriations Act provided \$3.96 million for demonstration to determine the efficiency of implementing Section 203 of Public Law 108-186, which authorizes assistance for intergenerational dwelling units for families in connection with the supportive housing program under Section 202. Pending the assessment of this demonstration, no new funding is requested for fiscal year 2007.

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<b>Housing for Persons with Disabilities</b>	<b><u>Amount</u></b>
2005 Appropriation .....	...
2006 Appropriation/Request .....	...
2007 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

**HOUSING FOR THE ELDERLY (SECTION 202)  
Performance Measurement Table**

Program Name: <b>HOUSING FOR THE ELDERLY (SECTION 202)</b>					
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	
		2005 Plan	2005 Actual	2006 Plan	2007 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%	96%	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 16 percent	Increases by 10 percent	Increases by 10 percent

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Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
The number of elderly households living in private assisted housing developments served by a service coordinator for the elderly increases by 5 percent.	MF Program Office and Annual Performance Plan	Increases by 5 percent	The analysis cannot be completed at this time because the FY 2005 NOFA was reopened.	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.

**HOUSING FOR THE ELDERLY (SECTION 202)**  
**Justification of Proposed Changes in Appropriations Language**

The 2007 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, [\$742,000,000] \$545,490,000 to remain available until September 30, [2009] 2010, of which amount up to \$443,520,000 shall be for capital advance and project-based rental assistance awards, of which amount [\$51,600,000] up to \$59,400,000 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 [\$24,800,000] \$24,750,000 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 made available under this heading, \$4,000,000 shall be made available to carry out section 203 of Public Law 108-186: Provided further, 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 amounts under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 202 capital advance projects: Provided further, That [\$400,000] \$1,980,000 of the total amount made available under this heading 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.

**Explanation of Changes**

The proposed language restructures the account to highlight funding for expansion of existing assistance levels as contrasted with on-going operations. The language as deletes earmarks for the demonstration under Section 203 of Public Law 108-186 and for pre-development grants and for pre-development activities.

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Crosswalk of 2005 Availability  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Elderly - Grants and PRAC .....	\$646,417	-\$5,171	...	...	\$1,126,040	\$1,767,286
Elderly PRAC Renewal/Amendment .....	7,133	-57	...	...	1,790	8,866
Service Coordinators/ Congregate Housing Service Program .....	50,000	-400	...	...	35,775	85,375
Conversion to Assisted Living/Emergency Repairs .....	25,000	-200	...	...	69,256	94,056
Planning Grant .....	18,000	-144	...	...	44,720	62,576
Working Capital Fund .....	450	-4	...	...	...	446
Intergenerational Families Demonstration Project .....	...	...	...	...	...	...
Housing for Persons with Disabilities	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>[-126,337]</u>	<u>[-126,337]</u>
Total .....	747,000	-5,976	...	...	1,277,581	2,018,605

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Crosswalk of 2006 Changes  
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<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Elderly - Grants and PRAC .....	\$742,000	\$604,168	-\$6,312	...	\$872,867	\$1,470,723
Elderly PRAC Renewal/Amendment .....	10,000	37,032	-100	...	2,936	39,868
Service Coordinators/ Congregate Housing Service Program .....	51,600	51,600	-516	...	34,622	85,706
Conversion to Assisted Living/Emergency Repairs .....	24,800	24,800	-248	...	55,055	79,607
Planning Grant .....	20,000	20,000	-200	...	43,797	63,597
Working Capital Fund .....	400	400	-4	...	...	396
Intergenerational Families Demonstration Project .....	4,000	4,000	-40	...	...	3,960
Housing for Persons with Disabilities	...	...	...	...	...	...
Total .....	852,800	742,000	-7,420	...	1,009,277	1,743,857