HOUSING
HOUSING FOR THE ELDERLY (SECTION 202)
2015 Summary Statement and Initiatives
(Dollars in Thousands)

HOUSING FOR THE ELDERLY (SECTION 202)	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2013 Appropriation	$374,627	$190,923[a]	-$19,595	$545,955	$388,691	$855,349
2014 Appropriation/Request	383,500	165,974[b]	...	549,474	453,000	673,000
2015 Request	440,000[c]	135,000[d]	...	575,000	519,000	763,000
Program Improvements/Offsets	+56,500	-30,974	...	+25,526	+66,000	+90,000

a/ Carryover amount includes $8.9 million in recaptures and $10 thousand in collections.

b/ Carryover amount includes $155.9 million and $10 million in spending authority from offsetting collections.

c/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or $15 million, whichever is less, of Budget Authority.

d/ Carryover amount includes $97 million and $38 million in spending authority from offsetting collections.

1. What is this request?

The Department requests $440 million for the Housing for the Elderly (Section 202) program in fiscal year 2015, an increase of $56.5 million above the fiscal year 2014 Enacted level. The demand from low-income seniors for affordable housing is enormous and expected to grow in the years ahead as a generation of Americans find themselves aging in place with little wealth accumulation and increasing rates of disabilities. The current supply of housing that can allow elderly households to live independently and age in place is not nearly enough to keep up with present demand and projected population growth. Included in this request is $20 million for new awards of Elderly Project Rental Assistance (PRA) to support up to 3,400 additional units that will be used to support the funding of new affordable housing with services models for very low-income elderly to age in place, $70 million for renewal of Service Coordinator agreements, and $350 million for the renewal and amendment of project rental assistance contracts (PRAC). The Budget request also seeks to renew its fiscal year 2014 authority to allow HUD to make more funds available for expansion activities through residual receipts collections, recaptures, and other unobligated balances, and to fund demonstration programs that test housing with services models that fund supportive housing units aligned with health care priorities

By carefully targeting Section 202 assistance to very low-income elderly persons with one or more impairments in activities of daily living, including those seniors most likely to be at risk for unnecessary institutionalization or those likely to unnecessarily use emergency room services. -- this housing investment can achieve significant cost savings to federal and state health care systems. Best of all, HUD's investment of Section 202 operating assistance leverages not only existing affordable housing capital programs, in particular the Low-Income Housing Tax Credit (LIHTC) program which produces approximately 40,000 elderly restricted affordable units a year, but an increasing sophistication among health care providers who can use Medicaid waiver and other funding to provide the kinds of long term supports and services in the community that formerly required institutional settings.

Elderly Project Rental Assistance

In fiscal year 2015, the Department requests $20 million for Elderly Project Rental Assistance (PRA). The Department will make additional funds available for PRA through residual receipts collections, recaptures, and other unobligated balances. Section 202 PRA funding would be awarded to housing providers that will expand the availability of affordable supportive housing for seniors and build on a body of emerging research underway by HHS and HUD that focuses on housing with services. Leveraging a growing evidence base around cost efficacy of these interventions, the Budget seeks to provide HUD with the flexibility to scale up best practices in order to demonstrate these innovative designs.

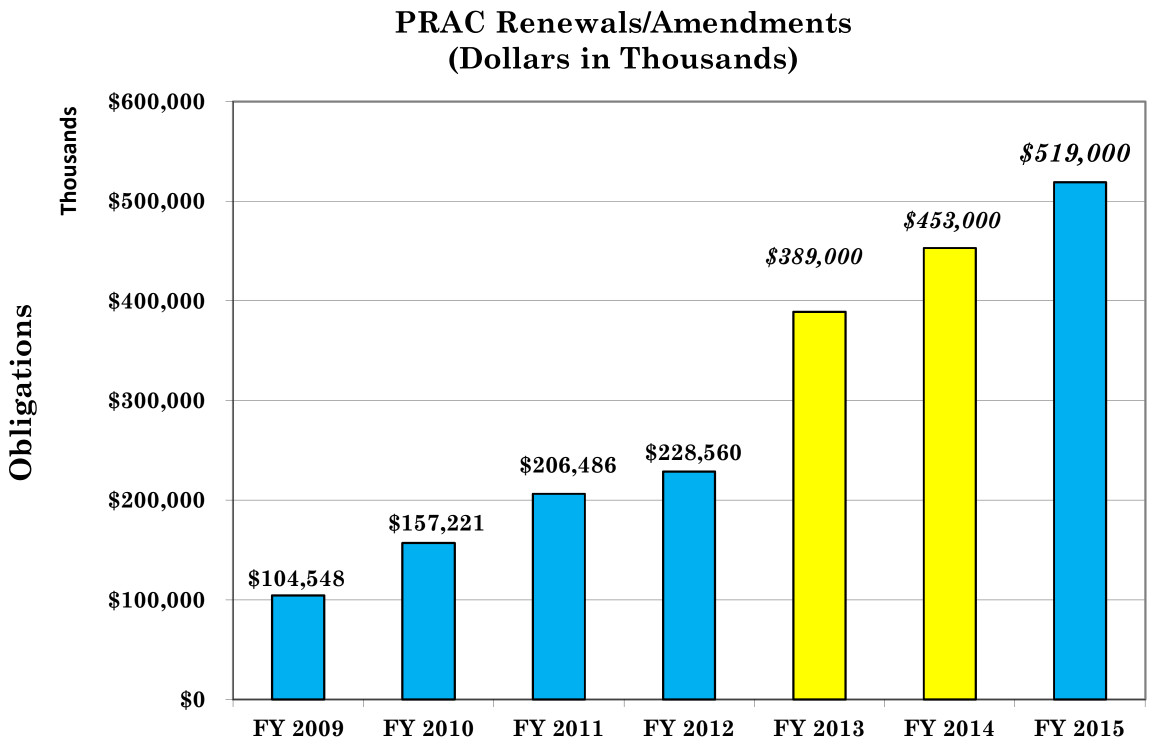
The Department plans to incorporate new language included in the Consolidated Appropriations Act of 2014 which allows HUD to expand the existing Delegated Processing Agency authority to facilitate the award of funds through State housing agencies. State housing agencies, coordinating with state health care priorities, can act as a delegated processing agent for awarding and administering Section 202 funds. Those selected for funding must meet program requirements and demonstrate their capacity to perform, describe the financial resources and partnerships they bring with them (projects must be fully leveraged without capital resources), illustrate the need for deeply affordable elderly housing in the proposed location, and demonstrate the project's readiness to proceed. While the number of units supported will largely depend on the design of programs, the Budget request of $20 million could support as many as 3,400 new units.

Service Coordinators/Congregate Housing Services Program

The Department requests $70 million for Service Coordinators/Congregate Housing Services Program (CHSP) in fiscal year 2015 to extend funds to approximately 1,300 previously approved Service Coordinators and Congregate Housing Service grants. The purpose of the Service Coordinators program is to enable residents who are elderly or have disabilities to live as independently as possible in their own homes. Service Coordinator funds pay the salary and fringe benefits of a Service Coordinator and cover related program administrative costs. A service coordinator is a social service staff person who is responsible for assuring that residents, especially those who are frail or at risk, are linked to the specific supportive services they need to continue living independently and age in place. 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. The CHSP is an older, smaller program that is now only funded through renewals. CHSP subsidizes the cost of supportive services that are provided on-site and in the participant's home, which may include congregate meals, housekeeping, personal assistance, transportation, case management, etc.

Project Rental Assistance Contracts (PRAC) Renewals/Amendments for Existing Section 202 Projects

The Department requests $350 million for Project Rental Assistance Contracts (PRAC) Renewals/Amendments in fiscal year 2015. PRAC Renewals/Amendments provides continued assistance to tenants of Section 202 projects in which the initial PRAC has expired or all reserved funding has been disbursed. In the early stages of the Section 202 program, the initial PRAC terms were for 20 years; those terms were reduced to 5 years in fiscal year 1995 and further reduced to 3 years in fiscal year 2006. As the initial PRACs begin to expire, the rental assistance is renewed on a 1-year basis and continued through the PRAC Renewal/Amendment program. The following chart shows the actual growth of PRAC Renewal/Amendment obligations since fiscal year 2009 and the estimated obligations through fiscal year 2015.



NOTE: Fiscal Years 2014-2015 obligations are estimates.

The above chart shows the growth in the amount of budget authority that must be obligated annually to maintain operating assistance for Section 202 projects. As new projects come out of the construction pipeline and initial PRAC funds are depleted, this budget authority requirement will continue to grow with a similar trend. The fiscal year 2015 estimate reflects an analysis of subsidy balances on currently active Project Rental Assistance Contracts (PRACs) that are expected to require renewal or amendment.

Housing for the Elderly (Section 202)

Salaries and Expenses (S&E) and Full-Time Equivalents (FTE) Request

A total of 121.2 FTE are requested for the Housing for the Elderly (Section 202) program, which is a decrease of 9.4 from the fiscal year 2014 estimate. Total S&E funding is $17.134 million, a decrease of $140 thousand from the fiscal year 2014 estimate. Please see the justification "Salaries and Expenses – Office of Housing" for more details.

2. What is this program?

The Supportive Housing for the Elderly program is authorized under Section 202 of the Housing Act of 1959; Section 210 of the Housing and Community Development Act of 1974, P. L. 86-372 (12 U.S.C. 1701q, 73 Stat. 654, 667); the National Affordable Housing Act, P. L. 101-625 (42 U.S.C. 12701); the Housing and Community Development Act of 1992 (P.L. 102-550); the American Homeownership and Economic Opportunity Act of 2000 (P.L. 106-569), and the Section 202 Supportive Housing for the Elderly Act of 2010 (P.L. 111-372).

The Service Coordinator Program is authorized under Section 808 of the Cranston-Gonzalez National Affordable Housing Act which 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 Service Coordinator Program provides funding for the employment of Service Coordinators in HUD-assisted multifamily housing that is designed for the elderly and persons with disabilities. The Congregate Housing Services Program (CHSP) was authorized by the Housing and Community Development Amendments of 1978 to provide 3- to 5-year grants to fund service coordinators for eligible residents of Public Housing and Section 202 Housing for the Elderly or Persons with Disabilities.

What is the Purpose of Section 202?

The Section 202 Housing for the Elderly program provides funding to facilitate the creation of multifamily housing for very low-income elderly persons. Nearly 400,000 homes for low-income elderly households have been produced to date. Section 202 is currently the only federal program that expressly addresses this need for affordable elderly housing. Its impact is amplified through the leverage of other housing resources such as Section 8, Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME), and Low-Income Housing Tax Credits (LIHTC).

Housing for the Elderly (Section 202)

Who Does Section 202 Housing Serve?

To be eligible for residency in a Section 202 unit, a household must be composed of one or more persons at least 62 years of age at the time of initial occupancy, with a household income at or below 50 percent of the area median income. Most residents fall far below that threshold. The average annual household income for Section 202 households is between $12,300 and $12,600[1]

Tenants living in Section 202 supportive housing can access a variety of community-based services and support to keep living independently in the community and age in place. Thirty-eight percent of existing Section 202 tenants are frail or near-frail, requiring assistance with basic activities of daily living, and thus can be considered at-risk for institutionalization.[2] Further, through an Inter-Agency Agreement with Health and Human Services / Assistant Secretary for Planning and Evaluation (ASPE), HUD is now for the first time ever creating a data set for 12 cities which allows analysis of Medicare and Medicaid expenditures and diagnoses for individuals receiving HUD assistance. Preliminary data analyses show that a very large percentage of elderly HUD-assisted individuals are dually eligible to Medicare and Medicaid and they are more likely than unassisted elderly individuals to have multiple chronic diseases.

Going forward, new Section 202 investments will expressly be targeted to serve the elderly population most in need of housing assistance: extremely low-income elderly with chronic conditions who often require assistance with activities of daily living.

How Does Section 202 Work?

Traditionally, the Department has provided interest-free capital advances to non-profit sponsors to finance the development of supportive housing for the elderly. The capital advance is used to support the construction, rehabilitation or acquisition (with or without rehabilitation) of supportive housing for very low-income elderly persons, including the frail elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years.

In addition, operating subsidies, known as a project rental assistance contract (PRAC), are provided on an on-going basis to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent, which is limited to 30 percent of a tenant’s income. The operating subsidy makes the housing more affordable to low-income elderly individuals by subsidizing tenants with the lowest incomes. The initial term of the PRACs is 3 years, after which the contracts are renewed annually, contingent upon the availability of funds.

In fiscal year 2015, the Department is proposing to maximize the effectiveness of Section 202 funds by requiring applicants to identify target populations that would most benefit from this assistance and to layer Section 202 operating assistance onto other

[1] Analysis by HUD Office of Policy Development and Research of 2012 PIC and TRACS data.
[2] HUD, “Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement”, June 2008.

affordable housing sources. Accordingly, Section 202 units would tend to represent a set-aside within larger affordable housing complexes funded by tax credits, HOME funds, or other sources in which the targeted residents would be markedly older, frailer, and poorer but would have access to community-based long term supports and services. This increased focus allows states to target elderly populations for assistance to those individuals who are most likely to otherwise require much more costly institutional care. This approach also takes advantage of the fact that an estimated 40,000 elderly-only affordable housing units are produced each year under the low-income housing tax credit which does not otherwise have any associated operating assistance.

Prior to the inception of the Section 202 Capital Advance program, the Department offered the Section 202 Direct Loan Program. The Direct Loan program was authorized by the Housing Act of 1959 (P.L. 86-372), the first direct loans were issued in the 1960s and the program was discontinued after fiscal year 1991 with the enactment of the Cranston-Gonzales National Affordable Housing Act. Although properties supported by the direct loan program continue to operate, no new loans have been issued since fiscal year 1991. The program provided loans directly for the construction, rehabilitation or acquisition of rental properties to serve the elderly, physically handicapped, developmentally disabled or chronically mentally ill adults. The loan terms were for a maximum of 40 years and HUD is currently receiving repayments of these loans.

Who Receives Section 202 Housing Funds?

Key partners in the Section 202 program have traditionally been non-profit organizations, including faith-based organizations, with a Section 501(c)(3) tax exemption from the IRS. Over the years, many nonprofit organizations have developed an impressive capacity to serve low-income elderly persons, not only in terms of building housing, but in maintaining that housing and providing or coordinating necessary supportive services. Smaller community-based non-profit organizations often partner with higher capacity regional or national organizations to make the projects happen. Since the need for this housing has been so widespread, Section 202 projects are located everywhere throughout the country, in large and small cities, small towns, and rural locales.

Changes to the Program

The passage of the Section 202 Supportive Housing for the Elderly Act of 2010 (P.L. 111-372) improved the program in several ways. The bill makes it easier to refinance older Section 202 projects in need of rehabilitation; provides flexibility in transforming less marketable studio apartments into one bedrooms; establishes new rental assistance contracts for seniors at risk of being unable to afford rent increases due to refinances; makes it easier for owners to make health and supportive services available to residents through service-enriched housing.

This new legislation complemented the Administration's broader Section 202 reform agenda which implemented policy and regulation changes to better target the program to support the most vulnerable elderly, bring new units on line faster, and better leverage each program dollar. Changes to the program have been done with input from, and in coordination with, the Department of Health and Human Services (HHS). The new Section 202 program will be aligned with healthcare reforms at the state and federal level and HUD will fund a randomized control evaluation of Section 202 to assess the extent to which supportive housing allows elderly persons to live independently and age in place, improve general well-being and health, and create cost savings in the healthcare system.

HUD is also funding research jointly with HHS' Office of the Assistant Secretary for Planning and Evaluation (ASPE) and the Administration on Aging (AoA) to design an "Aging in Place" demonstration for seniors in an affordable housing setting. The study is expected to provide additional information about the health care use of seniors that reside in HUD-assisted housing, how this differs by type of assisted housing, level of service enrichment, and health care use patterns. In addition to the Section 202 evaluation and the Seniors and Services Demonstration, HUD is collaborating with HHS on an evaluation of the Support and Services at Home (SASH) program in Vermont. The program is a Medicare/Medicaid demonstration of coordinated health and supportive services in affordable housing and the study will examine participants' outcomes and savings in care costs for seniors.

3. Why is this program necessary and what will we get for the funds?

Overwhelming Demand

Although the Section 202 program has produced nearly half a million units, the need for affordable housing within America's elderly population is far from being met today and will continue to grow into the foreseeable future with the demographic shift that is taking place in the country. The number of people age 65 and older is expected to double from 35.0 million to 71.5 million and from 12.4 percent of the population to 19.6 percent between 2000 and 2030.[3]

Housing Vulnerable Elderly Populations

The need for affordable housing among the most vulnerable segment of the elderly population is tremendous. There are 547,192 unassisted Extremely Low-Income (ELI) elderly renter households with at least one disability and with housing problems (ex. paying more than 30 percent in rent and/or live in housing with physical problems), according to 2009 American Housing Survey.[4] Annual growth rate of U.S. population age 65+ between 2010 and 2020 is 2.94 percent.[5]

An estimated 38 percent of all residents currently living in Section 202 properties could be considered "frail" or "near-frail." However, often with the assistance of service coordinators, most of these residents are able to access community-based services, stay longer

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[3] Congressional Research Service, "Section 202 and Other HUD Rental Housing Programs for Low-Income Elderly residents" (September 2008).
[4] HUD, Worst Case Housing Needs 2009: Report to Congress (February 2011).
[5] Source: U.S. Census Bureau, Population Division. 2008. Table 2, Projections of the Population by Selected Age Groups and Sex for the United States: 2010 to 2050 (NP2008-T2). Retrieved from http://www.census.gov/population/www/projections/summarytables.html

in their housing, and avoid more expensive institutional settings. Going forward, the Section 202 program intends to increasingly target housing assistance towards exactly this subset of the elderly population, given the tremendous cost-savings associated with independent living versus nursing homes or assisted living facilities.

Section 202 residents have the highest average age at the end of participation compared to other housing programs and housing occupied primarily by the elderly has greater success retaining residents until more advanced ages.[6] A study of service coordination found very high levels of satisfaction and it found that the presence of service coordinator staff who link residents to supportive services in the community increased residents' length of stay by 10 percent in comparison with those without access to this service.[7]

The new federal strategic focus on the integration of housing, supportive and health care services is reflected in HUD's collaboration with the Department of Health and Human Services (HHS) on relevant research. One such study has produced a design for a demonstration on aging in place for HUD-assisted seniors. This contract, as noted above, has already produced an extensive literature review and several case studies, and these are the basis for developing a model of service and health care coordination that can be tested for its impacts on health outcomes, health care expenditures, health care service utilization, and consequences for participating properties. In addition, with MacArthur Foundation funding and HUD cooperation, the contractor is conducting a survey of HUD properties to assess the types and scope of services available in senior subsidized housing. Finally, the contractor has matched HUD-assisted seniors in 12 cities to their Medicare claims records to assess health care utilization, expenditures, and diagnoses. This is the first time that anyone has used HUD administrative data matched with health claims data to create measures of Medicare utilization and expenditures for HUD-assisted elders.

Under the Americans with Disabilities Act and the Supreme Court's *Olmstead* decision, states are legally obligated to favor community-based and integrated settings over institutional settings for elderly persons with disabilities.[8] State Medicaid agencies are making efforts to comply with this mandate through Medicaid home and community-based "waiver" programs administered by HHS' Centers for Medicare and Medicaid Services. However, states often find themselves limited in achieving this mandate even when they have effective Medicaid waiver programs in place because the target population cannot afford the cost of renting a home in the community. In the most recent progress report of the HHS' program, twenty out of 34 states reported insufficient supply of affordable and accessible housing options to transition people from institutional settings to the community.[9] Investments in Section

[6] Locke, Gretchen, Ken Lam, Meghan Henry, and Scott Brown (Abt Associates Inc). 2011. *End of Participation in Assisted Housing: What Can We Learn About Aging in Place?* Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

[7] HUD, "Multifamily Property Managers' Satisfaction with Service Coordination" , 2008.

[8] In Olmstead v. L.C., 527 U.S.581 (1999), the Supreme Court held that Title II of the Americans with Disabilities Act prohibits the unjustified segregation of people with disabilities in nursing homes or other institutional settings. Federal regulations require that states or other public entities must reasonably modify their policies, procedures or practices to avoid such discrimination. 28 C.F.R. § 35.130(b)(7).

[9] Mathematica Policy Research. *Money Follows the Person Demonstration: Overview of State Grantee Progress, July to December 2011*. June 2012. Retrieved from: http://www.mathematica-mpr.com/publications/PDFs/health/mfp_jul-dec2011_progress.pdf.

202 supportive housing align with and complement these state efforts to provide home and community-based services for elderly people with disabilities. The Department is working with HHS on several collaborative projects to increase access to affordable housing in community settings for elderly people with disabilities seeking to leave institutional settings related to the Section 202 program, such as HHS' Money Follows the Person (MFP) program.

4. How do we know this program works?

Research has also found that supportive housing for the elderly, and the presence of service coordinators in particular, enables older residents to age in place. A study of satisfaction with service coordination found that the average length of stay was 6 months longer for residents in properties with HUD-funded service coordination.[10] This longer length of stay means less months spent in costly institutional care and translates into reduced turnover within the apartment buildings which lowers costs for the federal government and the property owner. A more recent study on the end of participation in assisted housing found that Section 202, with an average age at end of participation of 79 years, ranked among the best of HUD programs for length of tenure of elderly residents.[11]

Until now, one of the main limitations of research on Section 202 has been the lack of data on residents' need and utilization of health and long-term care services and supports. Without this data, it has been difficult to understand health outcomes for Section 202 residents and elderly residents of other assisted housing programs, their service utilization and risks of institutionalization, and cost effectiveness with respect to other forms of living arrangements.

HUD is directly involved in three research initiatives designed to address this critical knowledge gap. First, HUD will fund a rigorous experimental design evaluation of the Section 202 program to assess the extent to which supportive housing allows elderly persons to live independently and age in place, improve general well-being and health, and create cost savings in the healthcare system. The first phase of the evaluation will assist sponsors selected in the fiscal year 2013-2014 Section 202 competition to randomly assign applicants and apply a baseline survey of treatment and control groups.

Second, HUD, HHS/ASPE and HHS/AoA are developing a design for an Aging in Place demonstration in affordable housing. The project, under contract to ASPE, has produced a literature review and case studies, which are the basis for the demonstration design. The demonstration design describes three possible program models, explains the evidence base for the proposed model elements and discusses factors that will have to be taken into account to make implementation of the demonstration feasible and useful for producing valid research results. In addition, the contract includes matching of HUD administrative data with Medicare claims data from CMS in 12 pilot locations. These data allow us for the first time ever to analyze the Medicare expenditures of HUD-assisted seniors across different programs and cities and to compare these to comparable unassisted households. At a minimum,

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[10] HUD, "Multifamily Property Managers' Satisfaction with Service Coordination" , 2008.
[11] Abt, "End of Participation in Assisted Housing: What Can We Learn About Aging in Place?", 2011

these groundbreaking data hold the promise of a valid way to describe health care use, expenditures, and prevalence of major chronic diseases among HUD-assisted seniors in comparison to other populations. This project has demonstrated the feasibility of creating these data. In the future, similar data could be used to construct measures of impacts of HUD programs on health care use and expenditures.

Third, HUD and HHS are collaborating in the evaluation of the Support and Services at Home (SASH) program in Vermont, a Medicare/Medicaid demonstration of coordinated health and supportive service in affordable housing that is part of the larger CMS advanced primary care practice demonstration. SASH is especially relevant for HUD because it is designed to use existing affordable housing developments as the infrastructure for service delivery. HUD-funded affordable housing developments are, quite literally, the "hosts" of the SASH program. The SASH evaluation uses a rigorous quasi-experimental design, with comparison groups and sophisticated multivariate statistical methods, to examine the impact of participation in SASH on residents' health outcomes, service utilization, and expenditures and on costs to participating properties. The study will include cost-effectiveness, cost-benefit, and quality-adjusted life-years analyses, as well as qualitative description of the implementation of SASH, including barriers and challenges.

<u>Leveraging Capital: Section 202 as a Magnet for More Funding</u>

With the changes proposed in the Budget, the Section 202 program will be particularly well-designed to support leveraging of other housing funding, particularly Federal Low-Income Housing Tax Credits, HOME funds, and other state, local, and private funds. Because state and local agencies control almost all the new federal funds for new affordable housing construction through HOME and LIHTC, putting the Project Rental Assistance authority into their hands directly enables aligned capital investments.

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Summary of Resources by Program
(Dollars in Thousands)

Budget Activity	2013 Budget Authority	2012 Carryover Into 2013	2013 Total Resources	2013 Obligations	2014 Budget Authority/ Request	2013 Carryover Into 2014	2014 Total Resources	2015 Request
Elderly (Capital Advance and PRAC)	$9,032	$55,469	$64,501	$10,446	...	$54,059	$54,059	...
Elderly PRAC Renewal/Amendment	256,000	41,095	297,095	264,090	$291,500	33,005	324,505	$350,000
Service Coordinators/ Congregate Housing Service Program	75,500	43,704	119,204	86,151	72,000	32,853	104,853	70,000
Conversion to Assisted Living/Emergency Repairs	14,500	32,480	46,980	26,922	...	20,057	20,057	...
Planning Grant	...	2,175	2,175	1,082	...	...	...	...
Senior Preservation Rental Assistance Contracts	...	16,000	16,000	...	...	16,000	16,000	...
State Housing Project Rental Assistance Demonstration	...	...	...	...	20,000	10,000	30,000	20,000
Transformation Initiative (transfer)	...	...	...	...	...	...	...	[2,200]
Total	355,032	190,923	545,955	388,691	383,500	165,974	549,474	440,000

NOTE: 2014 Carryover and Total Resources include $10 million in spending authority from offsetting collections for the Elderly Project Rental Assistance Demonstration.

HOUSING
HOUSING FOR THE ELDERLY (SECTION 202)
Appropriations Language

The fiscal year 2015 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 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 senior preservation rental assistance contracts, as authorized by section 811(e) of the American Housing and Economic Opportunity Act of 2000, as amended, and for supportive services associated with the housing, [$383,500,000] $440,000,000 to remain available until September 30, [2017] 2018: Provided, That of the amount provided under this heading, up to [$72,000,000] $70,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects: Provided further, That amounts under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 202 projects: 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 upon the request of the Secretary of Housing and Urban Development, project funds that are held in residual receipts accounts for any project subject to a section 202 project rental assistance contract and that upon termination of such contract are in excess of an amount to be determined by the Secretary shall be remitted to the Department and deposited in this account, to be available until September 30, [2017] 2018: Provided further, That amounts deposited in this account pursuant to the previous proviso shall be available in addition to the amounts otherwise provided by this heading for the purposes authorized under this heading and, together with such funds, may be used by the Secretary for demonstration programs to test housing with services models for the elderly that demonstrate the potential to delay or avoid the need for nursing home care: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading may be used for the current purposes authorized under this heading, notwithstanding the purposes for which such funds were originally appropriated.