



**U.S. House of Representatives
House Financial Services Committee
Subcommittee on Housing and Insurance**

**testimony of
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**for the July 24, 2024, hearing:
Housing Solutions: Cutting Through Government Red Tape**

LeadingAge represents more than 5,400 nonprofit aging services providers and other mission-driven organizations serving older adults. Alongside our members and 36 partners in 41 states, we use advocacy, education, applied research, and community-building to make America a better place to grow old. Our membership encompasses the entire continuum of aging services, including affordable housing, skilled nursing, assisted living, memory care, retirement communities, adult day programs, community-based services, hospice, and home-based care. We bring together the most inventive minds in the field to lead and innovate solutions that support older adults wherever they call home.

LeadingAge's affordable housing providers take advantage of all the resources they can muster to meet the needs of older adults with low, very low, and extremely low incomes in their communities. Our members are proud champions of the U.S. Department of Housing and Urban Development's (HUD) Section 202 Supportive Housing for the Elderly and Section 8 Project-Based Rental Assistance programs, as well as the Public Housing and the Housing Choice Voucher programs. To meet capital and operating gaps, our members also rely on HUD's HOME and Community Development Block Grant programs. To help preserve the deeply income-targeted and deeply affordable housing provided by HUD's project-based programs, our members are also at the forefront of using the Rental Assistance Demonstration to convert Section 202 Project Rental Assistance Contract (PRAC) subsidy streams to the Section 8 project- and tenant-based platforms. Given the reach into HUD's programs by our members, it is no surprise that our provider members also rely on Federal Housing Administration mortgage insurance and programs like HUD's Green and Resilient Retrofit Program to protect and secure their properties and their residents' housing stability for generations to come.

Outside of HUD's suite of programs, LeadingAge members use the U.S. Department of the Treasury's Low Income Housing Tax Credit program and the U.S. Department of Agriculture's multifamily programs to meet their communities' needs for affordable senior housing.

Despite the seemingly long list of programs in use by thousands of provider members across the United States, existing federal housing programs are no match for existing and growing needs. After decades of federal retrenchment from sufficient and robust federal funding, federal housing programs meet the needs of only one of every three eligible older adult households.

The insufficient stream of federal affordable housing investment forces providers to layer multiple sources of capital onto one another, most with their own unique timelines and requirements, to build, rehabilitate, or reposition affordable housing. The chase for capital sources brings delays, which increase the cost of construction and can greatly delay the completion of affordable housing, which exists in such scarcity that any delay is exasperating.

In addition to securing sufficient capital sources, developers must determine if they will be able secure the operating subsidies and reserves to serve their target population. Across populations, the greatest shortages of affordable housing in the United States are for households with extremely low incomes (ELI) (i.e., households with incomes below 30% of area median). HUD's programs like the Housing Choice Vouchers and Section 202 Supportive Housing for the Elderly can provide operating subsidy for ELI households. These programs are in extremely over-subscribed, if they are available at all.

Need for Affordable Housing for Older Adults

In the 1980's, Congress asked HUD to report to it bi-annually on the state of housing affordability for very low income (VLI) (i.e., households with incomes below 50% of area median) renter households who were spending more than half of their very low incomes for housing. This biannual report, HUD's *Worst Case Housing Needs* reports to Congress, was to be the canary in the coal mine to warn Congress of our nation's most pressing housing affordability challenges, the ones, for example, that would foretell rising homelessness, so that Congress could respond and act accordingly.

In its most recent *Worst Case Housing Needs: 2023 Report to Congress*, HUD told Congress that 2.35 million older adult renter households with very low incomes spent more than half of their incomes on housing in 2021, an increase of 60% since 2011 and 130% since 1999.¹ According to the report, in 2021, 52.3% of VLI older adult renter households had severe housing cost burdens (i.e., paid more than 50% of their incomes for housing) and an additional 23.9% VLI older adult renter households spent between 30 and 50% of their very low incomes on housing.²

Within six months of receiving this requested report, Congress zeroed out funding to build and operate new Section 202 Supportive Housing for the Elderly homes, which exclusively serve the very low income households at the heart of the *Worst Case Housing Needs* report.

HUD's Section 202 program serves older adult households with average annual incomes of \$16,262³ and whose residents, on average, pay \$375 a month toward rent⁴ because that is what they can afford, based on the Brooke Amendment, named after Senator Edward Brooke (R-MA). The Brooke Amendment, adopted in 1969, held that HUD-assisted residents should pay no more than 25% of their adjusted household income for their housing and utility costs (the share was later increased to 30%, which holds today).

This latest *Worst Case Housing Needs* report also describes the shortage of homes affordable and available to households with the lowest incomes: in 2021, there were only 57 affordable units (including those with rental assistance) available for every 100 VLI renter households and only 36 affordable units available for

¹ <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2023.html>

² <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2023.html>

³ <https://www.huduser.gov/portal/datasets/assthsg.html>

⁴ <https://www.huduser.gov/portal/datasets/assthsg.html>

every 100 ELI renter households. Extremely low-income households make up 71% of all worst case needs households, according to HUD.⁵

Housing Cost Burdens Grow with Age

Data from the greater Cincinnati, Ohio and Kansas City, Missouri metro areas show another trend: housing cost burdens rise with age. In both metro areas, 28% of 65–79-year-olds (owners and renters) spent more than half of their incomes for housing in 2021; for those 80+ in the Cincinnati and Kansas City metro areas, 39% and 37% did, respectively.

Of all Ohioan 65–79-year-olds, 10% of owners and 23% of renters are severely housing cost burdened, as are 13% and 32% of Ohioan 80+ owners and renters, respectively. Of all Kansas 65–79-year-olds, 11% of owners and 25% of renters are severely housing cost burdened, as are 13% and 37% of Ohioan 80+ owners and renters, respectively.⁶

Impacts of Housing Instability

Data from the Joint Center for Housing Studies of Harvard University reveal some of the many impacts of severely unaffordable housing. The lowest income older adults who spend more than half of their incomes on housing spend about half as much as their non-housing cost burdened peers on food and out-of-pocket healthcare.⁷

The U.S. Census Bureau gives us yet another measure, should we need one, to understand how the lack of affordable housing impacts older adults. In the latest Household Pulse Survey, conducted May 28 to June 24, 2024, one question asks respondents about the likelihood of having to leave their home in next two months due to eviction. Of households 65+, 28% said having to leave their home in the next two months because of an eviction was “somewhat” or “very” likely.⁸

Rising Homelessness Among Older Adults

For more and more older adults, the lack of affordable housing and the reality of losing stable housing results in homelessness. In fact, older adult homelessness is the fastest growing type of homelessness in America today.

According to HUD’s 2021 Annual Homelessness Assessment Report (AHAR) to Congress Part 2, published in August 2023, “the number of elderly people with chronic patterns of homelessness increased by an alarming 73%” between 2019 and 2021. Nearly 10,000 more people aged 65 and older experienced sheltered homelessness in just two years, according to this report, which has been provided to Congress after every annual count of people experiencing homelessness since 2007.⁹ Dr. Margot Kushel, a leading researcher on homelessness among older adults, found that among single homeless adults, approximately half are ages 50

⁵ <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2023.html>

⁶ <https://www.jchs.harvard.edu/housing-americas-older-adults-2023>

⁷ <https://www.jchs.harvard.edu/housing-americas-older-adults-2023>

⁸ <https://www.census.gov/data/tables/2024/demo/hhp/cycle06.html>

⁹ <https://www.huduser.gov/portal/sites/default/files/pdf/2021-AHAR-Part-2.pdf>

and older and of these, almost half became homeless for the first time after age 50. According to Dr. Kushel, older adults experiencing homelessness “often use costly acute healthcare services and die prematurely.”¹⁰

LeadingAge’s affordable housing providers have witnessed the rise of homelessness among older adults as their waiting lists for affordable housing continue to lengthen. This summer, a LeadingAge affordable housing provider member in Minnesota was just starting to serve older adults who joined their waiting list in 2015. Other members, in both rural and urban housing markets, told us about the absolute normalcy of waiting lists two to six years long.

A HUD affordable housing provider member in Manhattan opened 150 spots on their waiting list, which already has 157 people on it for a 250-unit community, in September 2023. To get a chance to get one of those 150 waiting lists spots, 10,100 older adults applied. As one of our members told us, “I find the most disheartening thing about our long waitlists is the fact that people have no idea that the wait is so long until they are in desperate need of housing and cannot wait.”

In other words, it is unconscionable for many older adults that, in their greatest time of need, the federal housing safety net is in such tatters.

Future Needs: Older Adult Renter Households

The number of older adults 65+ will increase from 16% today to 22% in 2035; the number of people 85+ will more than double, according to the U.S. Department of Health and Human Services’ Administration for Community Living (ACL).¹¹

Between 2020 and 2040, the Urban Institute projects the share of older adult households who are renters will increase significantly, from 22% in 2020 to 27% in 2040. Of the 9.3 million expected increase in renter households over the next 20 years, Urban projects 5.5 million will be older adult households. In Ohio, for example, 19% of renters were older adults in 2020; by 2040, 27% of the state’s renters will be older adults, the Urban Institute says.¹²

Among these new renter households, the number of Black-headed older adult renter households will double between 2020 and 2040, from 1.3 to 2.6 million, the Urban Institute projects. As the Urban Institute points out, “the large number of senior Black renters are apt to be particularly cost burdened, given their significantly lower incomes and wealth that decades of disproportionate policies and practices have delivered. This point needs the necessary supply of affordable rental units for seniors, and an increased federal commitment seems inevitable.”¹³

The ACL also sounds the alarm on the number of older adults with very limited resources. “An estimated 1 in 3 older adults are financially insecure or live at or below 200% of the federal poverty level and struggle to pay rent and utilities, buy groceries, and pay for medications. These figures are even starker for Black and

¹⁰ <https://stg-generations.asaging.org/homelessness-older-adults-poverty-health>

¹¹ <https://acl.gov/sites/default/files/ICC-Aging/StrategicFramework-NationalPlanOnAging-2024.pdf>

¹² https://www.urban.org/urban-wire/forthcoming-senior-rental-crisis-has-implications-federal-state-and-local-policy-making?cm_ven=ExactTarget&cm_cat=HFPC+-+5.19.2021&cm_pla=All+Subscribers&cm_ite=2nd+blurb+headline+-

¹³ <https://www.urban.org/research/publication/future-headship-and-homeownership>

Hispanic older adults and more than 1 in 2 have incomes below 200% of the federal poverty level,” the ACL says.¹⁴

Congress has long been on notice about these existing and imminent needs; it is not too late to act.

Addressing the Need

As Congress contends with how to address the existing and forthcoming need for affordable housing for older adults, LeadingAge urges Congress to:

Preserve Existing HUD, USDA Rural Housing Service, and Low Income Housing Tax Credit Housing

LeadingAge believes the United States must use every available tool to preserve and improve existing affordable housing, including the homes funded by HUD’s largest programs: public housing, Section 8 Project-Based Rental Assistance, and the Housing Choice Voucher program. A 2023 analysis by the Joint Center for Housing Studies of Harvard University for The New York Times found, “After decades of rising rents, housing assistance for the poorest tenants has fallen to the lowest level in nearly a quarter-century. The three main federal programs for the neediest renters — public housing, Section 8, and Housing Choice Vouchers — serve 287,000 fewer households than they did at their peak in 2004, a new analysis shows. That is a 6% drop, while the number of eligible households without aid grew by about a quarter, to 15 million.”¹⁵ In many respects, HUD housing is senior housing. These three largest HUD programs serve many older adults, with 37% of public housing, 33% of Housing Choice Vouchers, and 53% of Section 8 Project-Based Rental Assistance homes having heads of household or their spouse being 62 years old or older. We cannot afford to lose any more of this inventory.

Expand the Supply of Affordable Housing

LeadingAge supports a swift and significant expansion of programs to expand the supply of affordable housing for all households, including older adult households. Households with the most severe housing cost burdens are those with the lowest incomes; programs that serve ELI and VLI households and do so in ways that are affordable to those households should be rapidly expanded.

This includes an expansion of HUD’s flagship affordable housing program for older adults, the Section 202 Supportive Housing for the Elderly program. Established in 1959, the program’s capital construction funds were paired with 40 years of operating subsidy from the Section 8 Project-Based Rental Assistance program until 1990, after with Section 202 capital awards have been paired with Project Rental Assistance Contracts (PRACs).

Revive Section 202 Capital Advances and Operating Funds

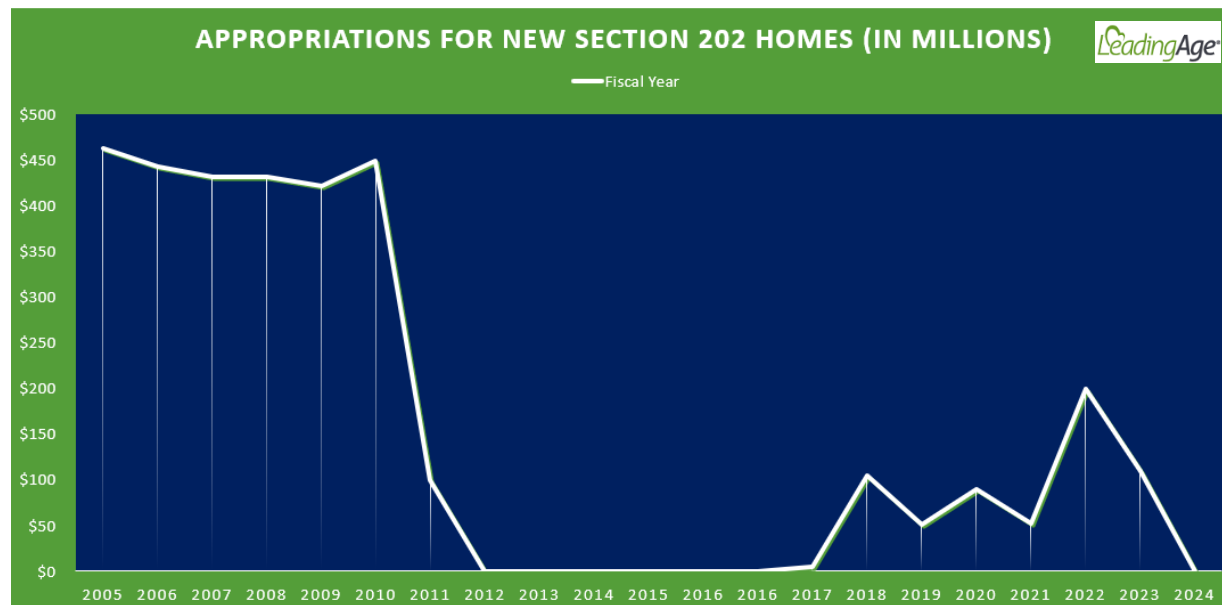
After several years’ dormancy, from 2012 – 2018, the program was revived (see Figure 1) but in a way that provided very shallow capital funding along with the 40 years of operating subsidy. The revived program’s focus on leveraging other funds brought unnecessary complications, costs, and delays to the completion of new Section 202 homes whose residents, thanks to HUD’s PRAC operating subsidy, are never too poor to live in their Section 202 homes and whose rents are based on their individual household incomes.

¹⁴ <https://acl.gov/sites/default/files/ICC-Aging/StrategicFramework-NationalPlanOnAging-2024.pdf>

¹⁵ <https://www.nytimes.com/2023/12/19/us/politics/housing-aid-rent-costs.html>

The Section 202 program meets the needs of its older adult residents by having service coordinators in about half of its communities who connect residents with the services and supports they need to age in community and delay transitions to higher levels of care like nursing homes for as long as possible. An April 2024 report from the U.S. Department of Health and Human Services found, “Affordable housing sites offer existing infrastructure to support the provision of care coordination and long-term services and supports to older adults and individuals with disabilities” and “may help meet the needs of HUD-assisted individuals and allow them to remain in independent living settings, even as they age or their health worsens.”¹⁶

Figure 1: History of Funding for New Section 202 Homes



Authorize Special Purpose Vouchers for Older Adults

Congress should also authorize and fund new special purpose vouchers for older adults under the Housing Choice Voucher program. Congress has a rich history of authorizing vouchers for specific populations, e.g., for Veterans, for non-elderly individuals with disabilities, and for family unification, and, given the projected continued surge in homelessness among older adults¹⁷, should do so as soon as possible for older adults.

Special purpose vouchers for older adults would be a very effective tool to rapidly prevent and end homelessness, could be used to make Low Income Housing Tax Credit homes affordable to ELI older adults, and can also be used to cover the shelter portion of assisted living¹⁸, which is typically too expensive for older adults with low incomes to afford. Mission-driven housing providers can also partner with housing authorities or with state agencies, who would administer these special purpose vouchers, to project-base these vouchers into developments, ensuring long-term affordability where services and supports for older adults can be co-located to achieve efficiencies and economies of scale, while also preserving choice for tenants.

¹⁶ <https://aspe.hhs.gov/reports/ma-coverage-among-hud-assisted-individuals>

¹⁷ <https://stg-generations.asaging.org/homelessness-older-adults-poverty-health>

¹⁸ <https://www.hud.gov/sites/documents/12-40PIHN.PDF>

Improve and Expand Low Income Housing Tax Credits

LeadingAge also supports improving and expanding the Low Income Housing Tax Credit program. In addition to expanding per capita tax expenditures for each state's LIHTC allocation so developers do not have to chase down several sources of capital funding with varying sets of regulatory requirements, the Low Income Housing Tax Credit program should pivot to address the needs of lower income households than it typically is designed to do today and to ensure the rents those lower income households must pay are individually affordable to them, similar to how rents are made affordable to most HUD-assisted households.

Coupling vouchers with LIHTC developments is one way to achieve this deeper income targeting and assured affordability, but at an annual tax expenditure of about \$13 billion a year¹⁹ Congress might investigate program efficiencies that could deepen the program's income targeting and its affordable rent setting, at least for a portion of its newly developed homes.

Breaking Down Red Tape and Non-Funding Barriers to Affordable Housing

Affordable housing programs are complicated, with rules and requirements built up over decades of iterations, shifting policy goals, varying resources, public/private partnerships, a wide range of stakeholders (many of whom are outside of any narrow definition of the housing world itself), many different goals, and many different federal, state, and local public administrators and oversight entities.

LeadingAge supports efforts like HUD's Pathways to Removing Obstacles to Housing (PRO Housing) program, which provides funding to communities for planning and policy activities to allow for higher-density zoning and rezoning for multifamily and mixed-use housing, streamlining affordable housing development, and reducing requirements related to parking and other land use restrictions. If communities need incentives to create pathways to affordable housing development, the very least the federal government can do is provide them. It is noteworthy that HUD received applications from 47 states plus the District of Columbia for its first round of PRO Housing awards.²⁰

LeadingAge also supports²¹ HUD's February 2023 Affirmatively Furthering Fair Housing proposed rule, which would change how HUD engages with communities and other stakeholders on their plans to eliminate discriminatory housing policies while also affirmatively furthering the goals of fair housing.

LeadingAge's members are providers, they are developers and rehabilitators and operators and single-site and multi-site owners. They work to expand, preserve, and improve affordable housing for current residents and for future residents. As an association of providers, we of course hear about red tape causing delays, increasing costs, adding to frustrations, and forcing changes to plans.

We are proud to work with HUD and our other federal partners together to continue to improve programs, increase programs' interoperability, and to improve how HUD headquarters and its regional offices communicate with us and our members. It is important to us that housing programs be accountable to Congress, to HUD, and to taxpayers, including current and future residents, so that our work to expand the supply of affordable housing is successful.

¹⁹ <https://www.ict.gov/publications/2023/jcx-59-23/>

²⁰ https://www.hud.gov/sites/dfiles/CPD/documents/PRO_Housing_FY23_Awardees_Fact_Sheet.pdf

²¹ https://leadingage.org/wp-content/uploads/2023/04/LeadingAge_HUD-AFFH-Comments_4.24.23_Final.pdf

Assessing and addressing regulatory hurdles is important but does not absolve the federal government from committing the resources necessary to restore and shore up the federal housing safety net. A strong federal housing safety net will require fewer programs involved in every transaction, resulting in fewer regulatory requirements, fewer delays, fewer federal resources per unit, and more people served.

In closing, LeadingAge looks forward to working with the Subcommittee, the Committee, and others in Congress to expand, preserve, and improve the supply of affordable housing for older adults.