



# Testimony on the 2016-2017 Executive Budget Proposal -- Housing

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On behalf of the membership of LeadingAge New York, thank you for the opportunity to testify on the housing aspects of the 2016-2017 Executive Budget proposal. LeadingAge New York represents nonprofit providers of independent housing, assisted living, nursing homes, hospice programs, home and community based services, and provider-sponsored managed long term care plans. Our members are working to offer innovative housing plus services models that allow seniors to age-in-place, but they need the State to work in partnership with them to help encourage development and begin meeting the growing unmet need for affordable senior housing.

The Governor's Budget proposes ambitious investments in transportation infrastructure, housing for homeless New Yorkers, and substantial appropriations for construction and rehabilitation of affordable housing; however, in the face of a soaring population of seniors with growing needs for health care, supportive services and affordable housing, the Budget fails to provide additional financial support for aging services or senior housing. Given this lack of support for services and housing for seniors, we are concerned about the State's readiness to address the needs of aging Baby Boomers, who will make up 18 percent of the State's population and will be entering their eighties by 2025.

We have known for years that the Baby Boom generation would grow old. Now, with this population boom upon us, our existing housing stock is unprepared to meet the increasing need, in terms of affordability, accessibility and services. New York State must make a substantial investment in new and existing senior housing with necessary support services, in order to address the growing need for affordable rental apartments for low-income seniors.

### **The Silver Tsunami**

The Silver Tsunami is no longer way off shore – it's right on the horizon. We are on the front end of a massive increase in the number of seniors in our state. Baby Boomers are turning 70 this year. People are living longer, but many will be retiring with fewer financial resources and greater health challenges.

- In 1990, there were 20 million households aged 65 and up; by 2010, this number had grown to 25.8 million, and by 2030, aging Baby Boomers will expand the number of senior households to 46 million, according to the Urban Institute. The number of senior renters nationally is expected to more than double, from 5.8 million in 2010, to 12.2 million in 2030 (UI).
- A tremendous number of seniors across the state are severely rent burdened. In New York City, more than 65% of senior households paid more than 50% of their income for rent.
- The Urban Institute, the Bi-Partisan Policy Center, and the Joint Center for Housing Studies of Harvard University, have all recently published reports about the importance of addressing the growing need for senior housing and related services.
- The HUD Section 202 program, which for decades was the go-to program for nonprofit developers of affordable housing for seniors, has essentially been discontinued, and now only exists as renewals of existing rental assistance contracts. There have been no new 202 capital advances for five years.

### **Health, Wellness and Social Engagement**

As our population ages, **health, wellness and social engagement** in senior housing is critical to ensuring that seniors can age safely at home, while avoiding unnecessary entrance into more costly institutional settings.

- ***Senior Housing with Services*** allows seniors to live independently while accessing modest assistance accessing necessary services, usually through a resident service coordinator. *Housing with Services* for seniors is a very different model than *supportive housing*, which usually provides for intensive services.
- Senior housing communities provide social interactions that improve quality of life and allow seniors to age in their homes with dignity and independence. Meals, transportation, laundry, housekeeping, security, emergency response, and resident assistance are all examples of services that may be offered as part of senior housing, all of which contribute to greater independence.
- Residents are moving into senior housing buildings later in life. They are older, frailer, staying longer, and have significantly greater health needs than years ago, due to advanced age.
- A recent study on the impact of resident service coordinators in senior housing demonstrated that elders who live in buildings with a service coordinator or advisor, is less likely than other seniors to be hospitalized, or re-hospitalized after being released. (*"Affordable Senior Housing Plus Services: What's the Value?"*, November, 2015). Resident advisors, when working in coordination with community service providers, have the potential to drastically reduce associated health care costs through wellness, exercise and nutrition programming.
- Seniors have fewer family supports than in the past Adult children of seniors are more likely than ever to live great distances from aging parents. Shifts in the economy have caused families to move to other regions, forcing many seniors to rely on resources in their communities.

### **Housing Funds should be directed to Senior Housing**

LeadingAge New York has joined with other organizations, many of whom are testifying here today, to call upon Governor Cuomo and the State Legislature to invest **capital** funds for the construction of new senior housing, as well as **rental assistance** funds, to ensure that the housing meets the needs of low income seniors, and funding for **supportive services** to ensure that seniors will be able to live independently in their homes, free of social isolation.

- **Capital – \$50 million per year for five years to provide \$100,000 per unit for 500 units per year for five years, which developers will combine with other capital funding sources to accelerate development of affordable rentals for seniors.**

NYS Homes and Community Renewal has traditionally allocated Low Income Housing Tax Credits and other resources to be used for the development of senior housing. But the elimination of the HUD 202 program has caused the number of senior units developed in New York each year to be drastically reduced. A new capital source will encourage developers to apply for other sources of housing capital, and will provide incentives to move forward with senior housing projects.

- **Rental Assistance – \$4.5 million to create and fund a rental assistance component of the Senior Affordable Housing Program for 500 units per year over 5 years.**

Senior households in all parts of the state are severely cost burdened. Developers in some communities choose to develop mixed income properties that serve seniors at varying income ranges. But in many neighborhoods in New York City, as well as urban, suburban and rural communities upstate and on Long Island, most seniors cannot afford rents set at 60% of median income, the standard for Housing Tax Credit developments. Rental assistance is

necessary to allow developers to serve seniors at 30% of area median income, the level of households relying solely on social security plus small pensions.

Nonprofit and for-profit affordable developers frequently proposed mixed income developments, with rental assistance for low income seniors in some apartments, but which allow higher income residents as well. But it is clear that there are many parts of the state where there is overwhelming need for rental assistance for most or all units in a senior housing development. In recent developments in New York City, several nonprofit developers found that 75% of applicants were living on less than \$15,000 per year. This is the case in many upstate communities as well.

- **Service Coordination – \$10 million for a Resident Advisor Program to enhance service coordination in existing and new senior housing.**

New York State Elder Law includes a provision (Section 220) that authorizes NYS Office for Aging (NYSOFA) to operate the Resident Advisor Program. Funding this program will support an expansion of service coordinators in new and existing affordable senior housing developments throughout the state. It will ensure that all new developments created under this initiative include a full array of services that allow residents to remain in their homes as they grow older and frailer.

Like many important initiatives in the state budget, this program runs across the traditional budget lines, and would of course be acted on by a different committee. But it important to note in this context, because the success of senior housing in the future will depend on our ability to ensure that those critical supports and services are available to residents so that they may age safely in their homes.

HUD has traditionally provided grants so that senior housing operators could provide a resident service coordinator to help seniors with some basic assistance to remain independent. This funding is essential and these service coordinators have helped thousands of New Yorkers with a range of services. But this funding has been scarce in recent years. Service coordinators are spread very thinly. A greater presence of service coordinators is essential if we want to help seniors to live independently.

### **Connection to Health Side of Executive Budget**

While this testimony directly addresses independent senior housing, it is important to note that other parts of the state budget, most notably the health and Medicaid sections, have direct impact on New York's efforts to provide shelter and care for the state's low-income seniors. New York is making tremendous efforts to rethink and redesign Medicaid. It is completely changing the way we deliver and pay for health care. These changes are resulting in massive funding reductions for the entire aging services continuum. With soaring numbers of seniors that have growing needs for health care and housing, the organizations and entities that provide these services are being squeezed.

"Aging in Place" is now a very common phrase used to described seniors continuing to live in their homes, as opposed to moving to institutional settings to access services. Aging in place is great in theory – most seniors prefer to remain living in their own homes or apartments for as long as possible,

and most would thrive there with modest assistance. But unless we strengthen this network of elder care providers, “Aging in Place” will remain an empty promise for many elderly New Yorkers.

### **Conclusion**

New York State has a history of looking out for its seniors. New York State Homes and Community Renewal has created thousands of units of senior housing over the years. Various state agencies, especially the New York State Office for the Aging, operate an array of programs to help seniors. But we are now at a critical juncture. Our population is aging rapidly, and our affordable housing infrastructure is not ready for what is coming. We urge you to ensure that the final budget earmarks resources specifically to senior housing, and makes strategic investments in capital, rental assistance, and services funding for senior housing initiatives.

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