



**Testimony of Steve Protulis, Executive Director  
Elderly Housing Development and Operations Corporation (EHD OC)**

**Financial Services Housing and Community Opportunity Subcommittee  
The Supportive Housing for the Elderly Act of 2007  
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**Introduction**

Good morning Chairwoman Waters, Ranking Member Biggert and distinguished members of the Housing and Community Opportunity Subcommittee. My name is Steve Protulis and I am the Executive Director of EHD OC, the Elderly Housing Development and Community Opportunity Corporation. We are a non-profit senior housing development organization, founded in 1978 and based in Fort Lauderdale, Florida. On behalf of my residents and their families, I would like to thank you for holding this hearing. I would also like to thank Congressman Mahoney for introducing this important legislation. The sustainability of the current Section 202 program and the existing Section 202 properties depends on the steps that you and your colleagues take today to address growing inefficiencies in this vital program.

I am honored and grateful for the opportunity to share my views on this bill as a non-profit developer of Section 202 housing. I would also like to reinforce the leadership of the American Association of Homes and Services for the Aging (AAHSA) in proposing reforms to the Section 202 program and encourage prompt enactment of H.R. 2930. EHD OC currently owns or manages 47 senior housing communities, serving approximately 4,000 low-income seniors in 13

states, the District of Columbia and Puerto Rico. In addition to our existing properties we are in the process of developing three new Section 202 facilities in Fontana, CA, Chicago, Illinois and Albuquerque, New Mexico.

Our not-for-profit organization relies heavily on a close partnership with the federal government, particularly with the HUD Section 202 program, in order to fulfill our mission to provide affordable housing with supportive services to our nation's lowest income seniors. EHDOC has very successful affordable housing facilities in states represented by several members of this Subcommittee. The need for affordable senior housing is not relegated to one part of the country, or one type of community. This is a national crisis that impacts a particularly vulnerable population. As evidence of the critical need and success of Section 202, EHDOC has over 4,200 seniors on our waiting list -- more than the number of residents that currently live in our facilities.

### **| Affordable Senior Housing Needs Supportive**

My testimony today will focus on the importance of linking affordable senior housing with essential supportive services and how the proposed reforms included in H.R. 2930 work towards that end. While safe, decent and affordable housing for all Americans has long been valued as a national goal, we must recognize the importance of housing for older persons that (1) is suitable for them to age-in-place and (2) allows them to remain in their home and community for as long as possible. Today, more than 300,000 seniors living in Section 202 properties. Supportive senior housing, such as Section 202, needs to be recognized as a vital part of our nation's long-

term care strategy, particularly as we prepare our state and federal programs for the dramatic increase in the elderly population.

Although supportive services have long been promoted as an alternative to premature nursing home admission, this option has not been available to many low and moderate-income seniors until recently. Seniors are more vocal about their desire to remain in their own homes, the courts have reinforced the right to community-based placement where possible and the Administration has expanded the ability of states to develop plans, including Medicaid waivers, to serve the frail elderly and disabled outside of nursing home settings. Unfortunately, in most communities there is insufficient housing that is both suitable and affordable available. According to the 2006 MetLife survey, the average cost of assisted living communities is approximately \$35,000 per year. That is more than three times the annual income of the average Section 202 resident.

The Section 202 housing program provides an opportunity and much needed foundation where changing public policies and consumer choices can come together to ensure that our seniors are able to live safely and age with dignity. We must, as a country, create more opportunities for supportive senior housing and more flexibility to reposition existing senior communities to ensure essential services through such actions as: 1) the routine staffing of service coordinators, 2) providing suitable space in and/or adjacent to elderly housing for service delivery, 3) developing or retrofitting senior apartments to accommodate the physical needs of residents as they become more frail; and 4) providing the means to leverage community-based services or, if necessary, providing a range of supportive services. I believe that the enactment of H.R. 2930 will be extremely helpful in achieving these goals.

## **Senior Commission Report: Need and Recommendations**

As you know, a few years ago, this Committee recognized the need to link housing and services for the elderly, and was instrumental in the establishment of the “Commission on Affordable Housing and Health Facility Needs for Seniors in the 21<sup>st</sup> Century”. I was honored to be appointed to serve on this Commission of policy and program experts, including Congressman Emanuel Cleaver, a distinguished member of this Committee. In 2002, the Commission’s final report to Congress, “A Quiet Crisis in America”, included a comprehensive assessment of the existing and future housing options, the level of frailty among seniors and the lack of attention paid to the vital role that affordable housing plays in the wellness and independence of seniors. The Seniors Commission’s final report is available on EHDOC’s website ([www.EHDOC.org](http://www.EHDOC.org)) and contains valuable information that I would encourage members and their staffs to read as you begin to address the growing housing crisis and its impact on seniors. Highlights of its findings include:

- An additional 730,000 rent-assisted units will be needed by 2020 for limited income seniors 65 and older;
- The need for supportive services is reflected by the number of persons who are considered frail or at risk. One-third of the 1.4 million seniors in rent-assisted housing have difficulty performing activities of daily living and about a third of residents over the age of 65 require some form of assistance;
- Those living under 150% of poverty level are especially vulnerable with almost 214,000 or over 42% having at least one limitation with activities of daily living; and
- AARP documented that some 36% of seniors were frail or disabled.

I believe that EHDOC's residents reflect the national trend of increased longevity and aging in Section 202 housing. The average age of EHDOC residents is 79 years old and many rely on supportive services to remain in their homes and out of institutional settings. For example, of EHDOC's 620 units in four facilities in Florida, 37% of the residents are considered frail and 41% are "at-risk". This means that approximately 78% of the residents needing supportive services. At one of our properties in New England, 50% of the residents are over the age of 85. We had a resident in one of our Ohio communities who was 101 years old. She regularly participated in our exercise program at the site and had assistance with the services that she needed. Some of our residents have lived at properties for over 20 years – they have aged-in-place from the time the senior housing facility was first opened.

### **Proposed Section 202 Reforms: What it Means for Services**

The Section 202 program represents the only federal program designed specifically to provide supportive housing for low-income elderly. Despite its need and cost effectiveness, limited funding in 2006 froze available funds for this program and provided for the development of only 4,300 new units of affordable senior housing. We need to reform this program, not only to increase the number of units being built annually to meet the increased demand, but to ensure that there are sufficient resources for sound management, routine maintenance, timely modernization and to enable effective linkages with supportive services

### **Service Coordinators**

I cannot stress the importance of making sure that new and existing Section 202 properties have options and sufficient funding for the routine staffing of service coordination. Service coordinator staff was a major recommendation of the Seniors Commission. I commend this Committee for establishing the Service Coordinator program and authorizing the service coordinators as a routine part of a Section 202 operating budget.

Insufficient funding for Section 202 Project Rental Assistance (PRAC) and Section 202/8 properties; have resulted in some Section 202 facilities not having resources available to staff service coordinator(s). While new Section 202 PRAC communities are authorized to have service coordinators as part of their operating budget, they do not receive sufficient funding to actually include the position and are not eligible for the annual Service Coordinator competitive grant program. HUD's repeated under funding of the PRAC awards for new Section 202 projects have resulted in our not being able to afford a service coordinator until the third year of operation, sometimes later. At Worley's Place, an EHDOC property in Jacksonville, Arkansas, property insurance increased by 300%. The added operational increases, which have occurred throughout the country, in health benefits for staff, property taxes and utilities, has left many new projects struggling to meet the basic needs of the properties. HUD awards have failed to reflect the actual operational cost of today's Section 202 properties. Resident services and service coordination staff needs invariably fall by the wayside in the early years of these buildings as sponsors work to maintain the costs at unrealistic levels.

Fortunately, unlike many of the speakers on the panel and throughout the country, EHDOC has – so far - been successful in using refinancing proceeds from one of our properties to fund a

service coordinator in another community until the PRAC budgets have increased to a reasonable amount to enable the staffing of a service coordinator as part of the project's operating budget. This uneven treatment among sponsors speaks to the lack of a clear policy directive from HUD headquarters consistent with the goals of the program and the arbitrary nature of the approvals given in the refinancing process. We believe that the EHDOC communities and the residents are better off because of our refinancing plan, however there is no reason that other communities should not have this option available to them.

### **Facility Space for Services**

It is essential that senior housing facilities have sufficient common space for the provision of a range of services, such as meals, counseling, adult day care, education, wellness, recreation and cultural enhancement. Unfortunately, many Section 202s with limited development funds as well as some older Section 202s, particularly those developed during cost-containment policies, do not have sufficient common space adequate for the delivery of on-site supportive services. If adequate common space were available, it would provide a means to leverage community-based services into the facility, as well as to make the senior housing facility a community resource to assist both residents and those in the surrounding community.

While some Section 202s have been fortunate to receive community resources, such as HOME or Community Development Block Grants, to finance community space, many have not. It is vital that Section 202 development funds are sufficient to enable options for community space for services. In addition, it is also cost effective to use refinancing proceeds from Section 202 (or other federally assisted housing) to develop within, adjacent or near-by the facility, common

space that can be used for services, as well as flexibility by the sponsor to assist other communities within the portfolio of multi-facility sponsors.

### **Apartment Modernization**

Similar to the use of funds for common space, it is critical that development cost limitations be reasonable to fund with new developments or with refinancing existing facilities, design features with individual apartments to accommodate physical needs of seniors as they age, such as universal design. In addition to adaptations for accessibility, hearing, seeing or other impairments, there is a need to retrofit non-marketable efficiencies (particularly those funded under HUD imposed cost containment policies) or other design features to accommodate supportive services, including space for caregivers and use of new technologies to enable increase self-sufficiency.

### **Tapping Community Services**

Another critical feature of senior housing is its ability to enable the facility and its older residents to be a vital part of its local community. Section 202 providers are particularly committed to promoting interaction between residents of the facility and the surrounding community, as well as to promote the involvement of the local community to assist the senior housing residents. Developers work closely with communities in advance to shore up community service relationships and support. In many cases the initial push for the project comes from the community itself in response to aging residents that can no longer live in their homes, or are displaced by escalating housing costs in “hot” markets. Sufficient funds are needed with the



development of new facilities to ensure present and projected site considerations for services, as well as the use of refinancing funds to strengthen community infrastructure.

One approach that EHDOC has used to strengthen community relations for our residents (as well as family, staff, etc) is through our Community Action Program (CAP). The motivation for the establishment of CAPs was that each of our senior communities needed to encourage active involvement by residents with their local community and tap community resources. The EHDOC website and newsletter provides examples of many exemplary CAP programs. We need options and flexibility to use operating funds or resources made available through refinancing, to support the development or activities of Community Action Programs and leverage community support.

### **Council House: A Refinancing Case Study**

A few years ago there was a need to identify funds to enable the modernization and retrofitting of an older Section 202 housing property in Marlow Heights, MD. Built in 1981, Council House is an older Section 202 property with 162 units and was in need of repairs and modernization, yet, there were limited funding options. By refinancing through the Low-Income Housing Tax Credit (LIHTC) EHDOC was able to generate nearly \$1 million to enable extensive modernization to individual apartments and common space for services at Council House. We were able to increase the accessibility of the property and the units, create an exercise room and provide added security.

The refinancing proceeds were used to extend the use of the property well into the future, provide a better housing environment for its senior residents and generate resources to fund a service coordinator position. In addition, excess refinancing proceeds – the kind referred to under Title II of this bill - were used to provide service coordination and services for other EHDOC affordable senior housing properties. This was a win-win process enabling EHDOC to continue our mission to provide affordable senior housing linked with services. You've heard many people testify today about similar proposals that HUD has denied. These opportunities should not be missed.

I can tell you that the Council House refinancing would have been simpler, faster and less expensive if H.R. 2930 been enacted to expedite and clarify the process. I would urge your prompt enactment of this important legislation to provide a foundation for the next wave of Section 202 communities, and to help usher in a stronger role for affordable supportive senior housing as a vital part of long-term care strategy.

### **Recommendations**

In conclusion, I want to reiterate three points and urge you to support this legislation. First, Section 202 providers are committed to the goals of integrating services to help low-income seniors remain in their homes and preserving existing Section 202 housing properties. Second, our goals must become your goals as you face the policy implications of an exploding senior population. Third, H.R. 2930 goes a long way towards making these goals a reality, by providing a clear policy direction to HUD on preservation, taking advantage of the common sense solutions that are available to us and making the most of the limited resources that we have available. I

cannot thank you enough for your time and consideration. I would like to extend an invitation to you to and your staffs to visit Council House and see the impact of our work first hand.

Thank you.