

Statement of U.S. Senator Larry E. Craig, Chairman

U.S. Senate Special Committee on Aging

June 17, 2003

Good Morning. Thank you for attending the Senate Special Committee on Aging's hearing this morning. In our daily legislative discourse, it is our fiduciary legislative duty to address a variety of issues. On this committee we have oversight responsibility over all issues affecting our aging citizenry. One such issue is housing.

In meeting our oversight obligation we are charged to exercise constructive reviews and critiques of the federal programs we have created. Today we exercise that constitutional responsibility and examine the bureaucratic administration, by the Department of Housing and Urban Development, of the meritorious and needed Section 202 Supportive Housing for the Elderly Program.

The most widespread and urgent housing problem facing elderly households is affordability. About 3.3 million elderly rental households in the United States have very low incomes which HUD defines as 50 percent or less of area median income. The Section 202 Program provides two types of financial support. The first type of funding provides capital advances (grants) to nonprofit organizations to purchase land and construct affordable rental housing exclusively for these households. The second type of funding, which interplays with the first type, is monthly support in the form of rental assistance payments that defray some of the operating expenses.

However, due to a myriad of HUD requirements in the application process coupled with chronic and often times insensitive bureaucratic delays by HUD in the processing of grant applications and monetary commitments the non-profits are placed in untenable economic position. Today we will listen to their litany of concerns

We will examine the bureaucratic treatment of the nonprofit organizations and the application process conducted by the Department of Housing and Urban Development which has caused the Section 202 program's overall balances of "unexpended appropriations" by the end of the fiscal year 2002 to total \$5,200,000,000.00 (\$5.2 Billion) dollars in unexpended funds in the only federal program devoted exclusively to providing this type of most needed affordable housing for the elderly.

We will also focus on the findings of the General Accounting Report on Elderly Housing provided by the Department of Housing and Urban Development through the Section 202 program. These findings will detail the administrative and planning problems encountered by the non-profit associations who utilized the funding of this program and GAO's recommendations for improvement.

Today we will hear testimonies from two panels of witnesses. Our first witness is Dr. John C. Weicher Assistant Secretary, Housing/Federal Housing Commission, Department of Housing and Urban Development. On our second panel of witnesses we will be joined by Mr. David Wood, Director, Financial Markets and Community Investment, General Accounting Office; as well as Ms. Cynthia Robin Keller of Volunteers of America; Mr. Tom Herlihy of

National Church Residences; and Ms. Lee Ann Hubanks of Plano Community Homes, (representing the umbrella association American Association of Homes and Services for the Aging).

I want to thank all of our witnesses for being here today. This is a most important inquiry and I look forward to hearing your respective testimonies and exploring ways to provide better, more affordable senior housing through better government process.

Witness List

Panel I

- Dr. John C. Weicher, Assistant Secretary, Housing/Federal Housing Commission, Department of Housing and Urban Development

Panel II

- Mr. David Wood, Director, Financial Markets and Community Investment, General Accounting Office
- Cynthia Robin Keller, Vice President of Affordable Housing and Development, Volunteers of America
- Tom Herlihy (her-li-HE), Development Specialist, National Church Residences, Columbus, Ohio
- Lee Ann Hubanks (HUE-banks), Executive Director, Plano Community Homes, Inc., Plano, Texas